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United States
Department of
Agriculture

Secretary's Forum on Farm Policy

Summary Report

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Kingsville, Texas

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Contents

Note: Major themes, recommendations, and summaries are presented without editorial comment or attempts to include opposing viewpoints. Inclusion of a statement does not necessarily imply USDA agreement as to the validity of the information presented.

Executive Summary

The U.S. Department of Agriculture (USDA) held a forum on Agricultural Policy in Kingsville, Texas, in the Student Union Building at Texas A&M University-Kingsville. The purpose of the forum was to elicit comments and input as part of the Administration's 1995 Farm Bill development process. This was the sixth in a series of forums held around the country since August 1993.

Five USDA representatives under the leadership of Eugene Moos, Under Secretary for International Affairs and Commodity Programs, heard the views of 64 presenters representing producers, agribusiness, universities, state and local officials, and (ASCS) personnel. Each participant had 3 minutes to present his or her views. The USDA representatives explored additional questions and issues with the presenters, time permitting. In addition, there were 7 papers submitted by individuals unable to attend the forum.

In his welcoming remarks, Dr. Manuel Ibanez, President of Texas A&M University-Kingsville, pointed out that TAMU-K is an Hispanic-serving institution devoted to developing a middle class in South Texas. He briefly reviewed the many accomplishments of the university, such as increasing enrollment of students in agriculture over 40 percent in the last 3 years, developing a new PhD program in wildlife management, maintaining leadership in citrus research, and developing new uses for cactus and mesquite native to the area.

Chairman E. (Kika) de la Garza, House Agriculture Committee, succinctly stated the purpose of the forum: "The question often asked of me is, 'What are you going to do with the next farm bill?' Well, the real question is, 'What do you want us to do in the next farm bill?' and that's the reason why I and the USDA officials are here." Chairman de la Garza reviewed five realities we will be facing in writing the next farm bill: (1) budget constraints; (2) American agriculture's ability to compete in the global market; (3) concerns about the environment; (4) consumer concerns over food safety; and (5) fostering non-farm jobs in rural areas.

In general, participants discussed the situation and outlook in U.S. agriculture and offered recommendations on how farm policy could be improved to better serve producers, consumers, and taxpayers. The major issues identified were declining economic conditions in agriculture and rural America, low commodity prices, declining farm and ranch income, continuing the Conservation Reserve Program (CRP), and making U.S. agriculture more efficient and competitive in the post-General Agreement on Tariffs and Trade (GATT) world. Participants suggested modification in existing programs without radical shifts in the structure or focus of commodity programs. As was pointed out, Congress has historically avoided radical change in farm legislation and has instead proceeded with small incremental steps. This precedent was considered a good one which should be followed again.

In keeping with avoidance of radical change, several commodity groups recommended **extending the 1990 Farm Bill** another 5 years. Cotton producers were especially interested in an extension, believing that the current program has been the single most important factor in boosting use of U.S. cotton to its record levels.

Presenters had numerous comments regarding individual aspects of current commodity programs. Producer groups generally favored keeping **target prices** at their current levels and did not favor increasing nonpaid flex acres. Many also wanted to raise loan rates to improve returns to producers. The increase suggested by many was to a level sufficient to cover the cost of production plus a reasonable profit. However, some were concerned that increasing loan rates too high would adversely affect our international competitiveness.

Cotton and rice producers strongly favored continuing **marketing loans,** attributing a more than 50-percent increase in cotton use and broad-based improvement in profitability across the cotton and rice growing regions to this provision. The corn growers wanted marketing loans eliminated in future years because of the expense and belief that marketing loans prevented further increases in price support loan rates.

Presenters were divided as to whether **means testing** and **additional payment** limitations were a viable or justifiable way to control program payments. Many agreed that means testing turned farm programs into a welfare program supporting inefficient farms at the expense of the more progressive farms. Means testing would also discourage enterprising farmers from supplementing their income with off-farm jobs, would prevent them from forming new enterprises that are desperately needed in rural communities, and would lead to fewer program participants. Others suggested that targeting farm program benefits to the production levels of family farm operators through such means as limiting the volume of production on which a person can receive deficiency payments would reduce Government costs while further sustaining our family farms, rural communities, and natural resources.

Regarding **supply control,** many presenters indicated that acreage reduction programs have resulted in a loss of U.S. market share in international trade. Some suggested alternatives to annual set-asides, such as multi-year set-asides targeted to achieve conservation goals, and a more flexible CRP. However, some producer groups wanted to control production with an effective supply management program tied more closely to carryover stocks.

Most producers supported additional **planting flexibility** as long as it was accomplished without additional reductions in payment acres. Some suggested allowing producers maximum flexibility on their total acreage base. Others suggested limiting flexibility to 50 percent of each crop base. However, support for more flexibility was not universal. Some cotton producers were reluctant to support increased flexibility because they were the only program crop to experience an increase in plantings under current flexibility provisions. Some wheat producers also did not favor further flexibility because they had limited opportunities to plant alternative crops.

Continuation of the **(CRP)** was one of the few areas where almost everyone agreed. The CRP was attributed to reducing water and wind erosion of soil, improving local wildlife habitat, enhancing water quality and soil productivity, and providing steady income to rural areas. Some landowners indicated they might be willing to accept lower rental payments for keeping land in the CRP. Others wanted to rebid because the original bids were too low. Targeting or refocusing the efforts of the CRP would counter some abuses. Funds to continue the CRP should not come from commodity programs. In addition, USDA needs to prohibit Johnson grass as an approved cover on CRP because of adverse impacts on neighboring fields.

Conservation compliance was a major concern to producers, both in terms of the severity of regulations and penalties, and in the lack of ability to use locally developed methods to control erosion. It was also recommended that producers farming less than 10 acres not need a conservation plan unless it is proven they are causing an erosion problem.

Although farmers recognized a very real need to protect the environment, they felt it was important that **environmental policy** decisions be weighed with a required cost/benefit analysis, and that policy decisions should be based on sound research technology. It was felt that taxpayers should begin to pay for the additional environmental benefits that society is demanding. Congress should consider implementing incentive payments to encourage farmers to adopt more environmental practices. In addition, it was believed that USDA should have input into the pesticide approval process, along with Environmental Protection Agency (EPA) and Food and Drug Administration (FDA). Above all, **private property rights** should be preserved and respected under the law, with just compensation for the loss of production, land value, or use of land because of environmental program restrictions.

Another area of unanimous agreement was keeping and expanding the **Agricultural Conservation Program (ACP)**. ACP continues to be necessary to address needed conservation practices on land not meeting the highly erodible criteria covered by conservation compliance.

Several presenters indicated that **rural economic development** policy has often ignored farmers and ranchers and their contributions to revitalizing the rural communities. Some suggested changes were providing federal investment tax credits for targeted job creation and job training in rural areas, refocusing Farmers Home Administration (FmHA) on its original mission of assistance to beginning and limited resource farmers and ranchers, and eliminating unnecessary and often unfunded federal mandates.

The main disagreement regarding **rural credit and finance needs** was whether the Farm Credit System (FCS) should be given authority to finance rural businesses off the farm that provide farm-related goods and services to farmers. The FCS believes the additional authority would lead to greatly improved economic conditions in rural areas, especially in terms of institutional financing such as hospitals, jails, rural medical facilities, housing in small communities (less than 2,500 population), and projects headed by foreign nationals. Independent community bankers oppose expanded authority for FCS because it would give the system an unfair advantage since FCS does not have to operate under the same tax provisions, regulatory responsibilities, and credit obligations as community banks. Due to delays in obtaining guaranteed operating loans through banks, some suggested FmHA guarantee credit directly through equipment companies.

Trade programs were another area of discussion. Most presenters gave limited support to GATT, but did not believe the impacts on trade would be significant because of concessions made to less developed countries. The potential loss of Export Enhanement Program (EEP) funds was cause for concern, with most presenters suggesting reallocating EEP subsidies to market development. Being near the Mexican border, North American Free Trade Agreement (NAFTA) was a common topic for discussion. Many either were already seeing or were anticipating improved sales to Mexico as a result of NAFTA. However, some believed the trade prospects were a sham because of continued producer subsidies in Mexico resulting in increasing production of corn and cotton.

There was general support for the attempt under **USDA reorganization** to obtain "one-stop shopping" for producers. However, downsizing and combining functions will necessitate greater training of employees to better serve producers.

On balance, most presenters were also supportive of the recent **crop insurance** reform legislation. The main cause for concern was the timing in getting producers informed and signed up in the program for 1995. There were many questions yet to be answered about specific operational and program design details, especially how the program would affect small non-program crop producers, such as fruits and vegetables.

News reports regarding possible decreased **funding for agricultural programs** concerned many at the forum. Several pointed out that agriculture has taken numerous and significant cuts in its budget in recent years, and that enough was enough. Totally eliminating farm program payments would save less than 1 percent of the federal budget, but would be devastating to farmers and rural communities dependent on those payments.

Discussions at the forum regarding the peanut program reflected the ongoing national debate. Some nonquota peanut producers favored the total elimination of the **peanut program.** Producers with a peanut quota supported the program because of the economic importance of the peanut program to the existing quota owners. They also did not believe a reduction of the quota price would result in a reduction in the price of peanut products to consumers. Some quota and nonquota producers favored a compromise position which would maintain the existing quota but would allow the sale or lease of peanut quota across county lines. Another compromise was to change regulations to reduce the cost of production for nonquota producers, such as permitting nonquota producers to purchase seed at nonquota prices.

Forum participants commenting on the dairy program were concerned about depressed prices for milk. Suggestions to improve the dairy situation were implementing the Dairy Self-Help Program, improving the Dairy Export Incentive Program, and creating a dairy export marketing board with an associated price pooling system.

The **sugar program** was viewed as absolutely essential to Texas producers. They wanted to keep the loan rate at least at the $0.18 per pound level, and to keep imports at a minimum. If necessary, marketing allotments should be put on at the beginning of the fiscal year to minimize market disruptions to both buyers and sellers of sugar. Low sugar prices have caused beet processors to avoid participating in the program and to avoid paying growers the minimum payment for sugar.

The growth in importance of **contract growers of agricultural products** was cause for concern with livestock and poultry producers. By and large, the market for farm production is no longer John Q. Public, but the Tysons, Hormels, ConAgras, Continental Grains, or similar types of processors. Individual farmers have no ability to deal with these multinational giants. Hence, there is a real need to establish a mutual obligation for good faith bargaining between producers and handlers of agricultural products.

Elimination of the **wool and mohair program** was a concern because the economic importance of the program to producers far exceeded the associated federal outlays. Suggestions for reinstating the program were as a revolving account similar to that of sugar, or implementing a nonrecourse or marketing loan program combined with a target price to compensate against foreign imports.

In summary, USDA participants came away from the Kingsville forum with many innovative suggestions for improving agricultural programs. The challenge now will be to develop a 1995 Farm Bill which reflects the continually evolving viewpoints of producers, consumers, and taxpayers.

List of Participants

USDA Panel

Eugene Moos, Under Secretary of Agriculture for International Affairs and Commodity Programs

Keith Collins, Acting Assistant Secretary for Economics

Bruce R. Weber, Associate Administrator, Agricultural Stabilization and Conservation Service

Ken Ackerman, Manager, Federal Crop Insurance Corporation

Christopher E. Goldthwait, General Sales Manager and Associate Administrator, Foreign Agricultural Service

Lou Anne Kling, Assistant Administrator for Farm Programs, Farmers Home Administration

Distinguished Speakers

Manuel Ibanez, President, Texas A&M University-Kingsville

E. (Kika) de la Garza, Chairman, Committee on Agriculture, U.S. House of Representatives

Presenters

Panel 1 — Commodity Programs

Charles W. Anderson, Assistant Commissioner, Oklahoma Department of Agriculture

Carl King, Chairman of the Board, American Corn Growers Association, and President, Texas Corn Growers Association

Jack Norman, President, Texas Wheat Producers Association

W. A. "Billy" Guthrie, President, Louisiana Cotton Producers Association

Panel 2 — Farm Credit

Phil Klutts, President, Oklahoma Farmers Union and Vice President, National Farmers Union

Craig D. Shook, President, Texas Cotton Producers, Inc.

J. David Williams, Chairman of the Board, Hale County State Bank, Plainview, TX (on behalf of the Independent Bankers Association of America)

James A. McCarthy, Member, Board of Directors, Farm Credit Bank of Texas

Ray Prewitt, Valley Ag Insurance Services, Inc., Texas Citrus Mutual, and Texas Vegetable Association

Panel 3 — Commodity Programs

Lyman Knapp, President, Oklahoma Headquarters, American Agricultural Movement

Bob Stallman, President, Texas Farm Bureau

Ron Riley, President, Texas Cotton Ginners' Association

Wayne Labor, Executive Director, Cotton and Grain Producers of the Lower Rio Grand Valley

Roger L. Ediger, Past President, Oklahoma Grain and Stocker Producers Association

Panel 4 — Conservation

Monty V. Niebur, Producer, Akron, CO

Dayton Elam, Gaines County (TX) Soil Conservation and Water Board, Seminole, TX

Merle Mitchell, Chairman, Plains Cotton Improvement Committee

Richard McDonald, Executive Vice President, Texas Cattle Feeders Association

Don Swann, President, Texas Association of Soil and Water Conservation Districts

Panel 5 — Commodity Programs

Frank Jones, President, Plains Cotton Growers, Inc.

J.O. Jackson, Producer, Seminole, TX

Ted Higgenbottom, Producer, Seminole, TX

Clifton Stacy, Producer, Pearsall, TX

Panel 6 — Other Effects of Farm Policy

Paul Condit, President and General Manager, Texas Equipment Company, Inc., Seminole, TX

Jerry Wazell, Vice President of Governmental Relations, Texas Citrus and Vegetable Assocation, Harlingen, TX

Kay Keen, Executive Director, American Meat Goat Association, Metrzon, TX

Jim Butler, Assistant Vice Chancellor for External Affairs, Texas A&M University System, College Station, TX

Panel 7 — Commodity Programs

Kent Hilburn, Producer, Hobbs, NM

Harvey P. Schneider, Board of Directors and Past President, Southwestern Peanut Growers Association, Pleasenton, TX

Barry Evans, Producer, Kress, TX

Bill Kubecka, Vice President for Legislation, Texas Grain Sorghum Producers, Palacios, TX

Joe Rankin, President, Texas Farmers Union, Waco, TX

Panel 8 — Dairy and Commodity Programs

Andrew Whisenhut, President, Arkansas Farm Bureau Federation, Little Rock, AR

Marvin Gregory, Producer, Sulphur Springs, TX

Don Kimbrell, President, American Agriculture Movement of Texas, Inc., Happy, TX

J.G. Walker, Member of the Corporate Board of Directors, Mid-America Dairymen, Inc., Sulpher Springs, TX

Rudy Valdez, Colorado State ASCS Committee

Panel 9 — Commodity Programs

Dwight Hardee, Louisiana Rice Growers Association, Gueydan, LA

Gerald Clark, Producer, Edna, TX

Steve Balas, USA Rice Federation and Chairman, Texas Rice Producers' Legislative Group, Eagle Lake, TX

John Denison, Chairman of the Louisiana Farm Bureau Federation Rice Advisory Committee, and the Louisiana Rice Producers' Group, Eagle Lake, TX

Carl Anderson, Professor and Extension Economist for Cotton Marketing, Texas A&M University, College Station, TX

Panel 10 — Commodity Programs

William T. Lovelady, Chairman, Producer Steering Committee of the National Cotton Council, Memphis, TN

Mark McLaughlin, Producer and Past President of the Mohair Council of America, San Angelo, TX

T.J. Jarrett, First Vice President, Texas Sheep & Goat Raisers Association, San Angelo, TX

Haskell Simon, Chairman, Gulf Coast Division Advisory Committee, Lower Colorado River Authority, Bay City, TX

Panel 11 — General Farm Programs

Mary Emma Matthews, State President, Women Involved in Farm Economics (WIFE)

Marinell Strain, Producer and Member, National Contract Poultry Growers Association

O.C. Elliot, Producer, Seminole, TX

Paul Wohlgemuth, Producer, Associated Milk Producers, Inc. (AMPI)

Panel 12 — Conservation and Risk Management

Jim Esbenshade, Concerned Bryan County (OK) Farmers and Ranchers

Don Tardy, Real Estate & Insurance, Hereford, TX

Will Paul Wright, III, Producer and Member of the Brooks County (TX) ASC Committee

George Nelson, Cherokee County (TX) Vegetable Growers Association

Maximo Vera, Producer, Duval County, TX

Panel 13 — Commodity Programs

John Stencel, State Executive Director, Colorado State ASCS Office, Lakewood, CO

Terry Peach, State Executive Director, Oklahoma State ASCS Office, Stillwater, OK

Larry Burnett, State Executive Director, New Mexico ASCS Office, Albuquerque, NM

Marion Malazzo, Vice President, National Association of Farmer Elected Committeemen

Panel 14 — Commodity and Conservation Programs

Ollie Ridley, Chairman, Colorado State ASC Committee

Maurice (Freddie) Wyatt, Chairman, Oklahoma State ASC Committee

Mary Ann Arnold, Chairwoman, Arkansas State ASC Committee

Vic Stout, Member, New Mexico State ASC Committee

Ray Joe Riley, Chairman, Texas State ASC Committee

Submitted Papers Not Presented at the Forum

Joe Grotegut, Producer, Hereford, TX

John Riukup, Producer, Premont, TX

Wayne Mixon, Producer, Gaines County, TX, and Mayor, Seminole, TX

Jack Nelson, President, Rio Grande Valley Sugar Growers, Inc., and Bill Cleavinger, President, Texas Sugarbeet Growers Association

Barton P. Easter, Contract Poultry Farmer

Archie D. Knight, Master, Texas State Grange

Kay Bailey Hutchison, United States Senator, Texas

Statement by E. (Kika) de la Garza
Chairman Committee on Agriculture
U.S. House of Representatives

The question often asked of me is, "What are you going to do with the next farm bill?" Well, the real question is, "What do you want us to do in the next farm bill?", and that's the reason why I and the other USDA officials are here.

I don't know what the future will bring or what the next farm bill will contain, but I can tell you some realities and some factors that we will be facing in writing the next farm bill. First and foremost is budget constraints. The fact is that the budget pie for agriculture is not getting any larger. It's going in the other direction. And the reality is that as it gets smaller, it's much more difficult to set priorities.

Second, we have to have an agricultural policy that helps American agriculture compete in the global market. The world has shrunk to a very tiny little sphere, and what happens in any area of the world impacts directly almost the next day on the price of live cattle, the price of wheat, on the futures markets, or on anything that impacts agriculture. And now we have NAFTA. The GATT is concluded, but now we have to pass it through Congress. We need to look at how our export policies and our farm programs can be structured to meet these new challenges.

Third, we have to address the concerns of those in Congress and around the country who say that the recipients of taxpayer assistance should have a responsibility to do a better job of protecting the environment. Everyone wants to do a better job of protecting the environment and that includes farmers. If a farmer is to succeed, (s)he needs good soil, clean water and clean air. The last one that would be out to intentionally harm the environment is the farmer, because (s)he's out of business if those three items are out of kilter. So, next year's farm bill will have to find a way to encourage environmental improvements with farmers and in the farm area.

Fourth, we must face consumer concerns about food safety. You can always find one item that can make a sensational exposé. So, yes, we have to improve our meat and poultry inspection, but it's not like it isn't being done properly. It's just that we can do more and we can do better.

Another problem is that now so many Americans are a generation or two removed from the land. People think peas come out of a can and milk comes out of a carton, and you can ring that bell at the supermarket counter and they give you whatever cut of meat you want. However the American housewife wants it she can get it.

And finally, we need to foster non-farm jobs in rural areas. The reality is that most people living in rural America today are not directly connected to farming. And another reality is that current farm programs, while needed to provide a safety net to the farm economy, have not done as much as we would like to in bringing jobs to rural America.

This forum brings a unique opportunity to every witness to begin the process to participate. Things that don't change are the protection of the land; the protection of the water; the protection of the air; the need for good, quality, well-priced commodities for our consumers; and eventually the health of the people of the United States and of the world. This is what will be encompassed as we prepare to write the next omnibus farm bill.

Major Themes and Recommendations of Participants [1]

The Secretary's Forum at Texas A&M University-Kingsville drew 64 presenters. There were 7 papers submitted from participants who did not attend. The major themes and recommendations are summarized below.

Situation and Outlook for the 1995 Farm Bill

- According to the 1992 Census of Agriculture, U.S. rural population totals 67.9 million (a quarter of the nation's population), with 4.6 million living on farms (1.9% of the nation's population). Most every state has seen a decrease in the number of farms, ranches and rural population as agriculture has become concentrated into fewer farm operations. **[Oklahoma Department of Agriculture]**

- The economic situation in agriculture and rural America is bleak. Economic projections for moderate-sized farms are on a sharp downturn while over 40,000 farmers are on the brink of economic collapse due to reduction in farm income in the last year alone. **[Oklahoma and National Farmers Union]**

- Interdependence between production agriculture and rural economies has weakened over the past 40 years and agricultural policy and rural development policy are no longer synonymous. Inadequate returns on investments, inability to meet the costs of financing, and the decline in real farm value of agricultural commodities throughout the 1980s and 1990s resulted in major declines in farm and ranch income and an inability to support existing infrastructures. **[Oklahoma Department of Agriculture]**

- Some of the shortcomings of rural economic development policy in rural America are:
  (1) Rural communities need to attract human capital in the form of leaders who can help find ways to overcome the lack of financial equity needed to create or enhance existing infrastructures critical to maintaining and attracting business investment;

  (2) Rural communities need "how to" as well as fiscal assistance in initiating comprehensive assessments or inventories of current and potential resources;

  (3) Rural communities are losing both human resources and the ability to support existing business and infrastructures due to diminishing population base with increasing numbers of older citizens;

  (4) Rural communities lack the economic base to support or attract new development of quality educational and medical institutions;

  (5) Rural young people are often required to leave their communities for advanced education and job-skill training;

  (6) Rural businesses lack incentives to locate and remain in rural areas when expansion and relocation are necessary to remain competitive; and

  (7) The coordination and collaboration must be improved among federal, state and private funding programs and agencies. **[Oklahoma Department of Agriculture]**

- Farm income is the most important issue to be addressed in the 1995 Farm Bill. Farmers will judge the success of this farm bill on what happens to farm income. **[American and Texas Corn Growers Associations]**

- There is a continuing need for sources of credit for family farmers and ranchers. While rural economic conditions are deteriorating, private lending sources are drying up in many parts of the country. Some 25 percent of rural counties are served by only one or two commercial banks, leading to a lack of competition. The need for other sources of credit, namely FmHA, has increased significantly. **[Oklahoma and National Farmers Union]**

- Two factors will play a significant role in driving the 1995 Farm Bill. First Congress is recognizing that the U.S. deficit must be addressed and that commodity programs may have become counterproductive in terms of the people they are expected to serve. Second, new groups with new agendas are playing an increasingly important role in influencing the political agenda for agriculture. These groups include those concerned with the environment and sustainable agricultural development, those concerned with food safety issues, those who use commodities as raw materials and those interested in rural development. **[Jim Butler, Texas A&M University System]**

- Producers out in the countryside are losing faith in the system. It saddens me to hear these kinds of comments. However, when I consider the volumes of testimony that

[1] Major themes and recommendation have been quoted or paraphrased.

have been given in the last several years stating that present policy is failing, I have to sympathize with their statements. **[American Agriculture Movement of Texas]**

- Aside from the financial importance of our crop, keep in mind that rice producers maintain 3 million acres of viable wetlands each year. The cost of this would be prohibitive to government agencies trying to duplicate that effort. Farmers are working to keep pesticide levels as low as possible. Residues are negligible, and well within EPA guidelines. Rice producers use conservation tillage and no-till practices more and more to maintain soil productivity. Rice farming has been compatible with sensitive marshes and natural wetlands. **[Louisiana Rice Growers Association]**

- In general, the cost/price squeeze conditions in agriculture make it evident that economies of size are extremely significant in maintaining economic viability. In most cases, the larger sized operations appear more economically viable than the medium size farms. Crop farms are generally vulnerable to any actions that cut government support. **[Carl Anderson, Texas A&M University]**

- Our assessment is that the U.S. agricultural situation has improved under the more market-oriented farm legislation of 1985 and 1990. This positive outcome is primarily the result of a farm program that is working well for U.S. agriculture. **[Producer Steering Committee of the National Cotton Council]**

- The lack of a governmental farm program encouraging and supporting production of mohair is a real problem. Taking private property, without compensation and in the name of environmental production, preserving of endangered species, and regulating privately owned groundwater are even greater and more immediate threats to mohair producers. **[Mohair Council of America]**

- The National Wool Act incentive payments have provided as much as 30 percent of total income for sheep producers, particularly in the last four years of record-low world wool prices. The state of Texas took a BIG hit in elimination of this program. Incentive payments have been essential to domestic producers in providing the additional income to stay in business during these times. **[Texas Sheep & Goat Raisers Association]**

- Rice is a big, environmentally friendly crop; at any time two-thirds of our rice croplands are in their natural state. No fertilizers, no chemicals, no erosion they have reverted to vegetation, and while they support some cattle raising, they also support wildlife and waterfowl. **[Gulf Coast Division Advisory Committee, Lower Colorado River Authority]**

- Production of rice in the Texas Gulf Coast is absolutely essential to the economy of the area, and its reduction or loss could be devastating to the coastal ecology and especially to migratory waterfowl. Current practices by rice producers are resulting in greatly reduced applications of crop inputs and a minimum effect on the environment. Additional regulations will not result in appreciable effect. **[Gulf Coast Division Advisory Committee, Lower Colorado River Authority]**

- By and large, the market for farm production is not John Q. Public, but the Tysons, Hormels, ConAgras, IBPs, RJR Nabiscos, Continental Grains, or similar type processors. Corporate concentration and vertical integration are resulting in fewer and fewer buyers for our farm products and less and less control over our farm operations. The economic might of these processors is used in a manner that continually oppresses the farmer both economically and socially as evidenced historically by the reductions in farmers' income as well as the reduction in numbers of farmers. **[National Contract Poultry Growers Association]**

- The pace of change in American agriculture continues to quicken. Nowhere is this more visible than in the dairy industry. Over the past few years we have seen a major change in the location of production. It has shifted significantly towards the Southwest and West. We have seen major changes in marketing relationships and patterns. To an increasing degree marketers are consolidating into regional and national entities. The government programs which have been used to stabilize the dairy industry have come under increased scrutiny and the industry is being told to redirect its energies toward the international market. **[Associated Milk Producers, Inc.]**

- How many farmers and ranchers have to be pushed off their land and see their life-time savings used up before you realize we are in trouble? Our national preoccupation with a cheap food policy is using up our farmers' and ranchers' incentive to maintain the land and natural resources they have taken pride to preserve in the past. Instead, we are forced to become "super farmers," covering more acres just

to survive financially, with little hope of seeing our children able to follow in our footsteps if they choose to. **[Concerned Bryan County (OK) Farmers and Ranchers]**

Recommendations for the 1995 Farm Bill

General Farm Bill Recommendations

- In general, Texas cotton producers are united in their support for the market-oriented programs initiated by the 1985 Farm Act and continued in the 1990 Farm Act. It is fair to say that the program has been extremely successful in achieving the goals of improving on-farm profitability and leveling the field for U.S. agricultural products in domestic and world markets. **[Plains Cotton Growers, Inc.]**

- We also encourage you to: extend the 10-month nonrecourse loan provisions (with the optional 8-month extension); prevent the increase in unpaid flex acres; oppose the implementation of cross or off-setting compliance provisions; and support the continuation of risk management and commodity promotion programs. **[Plains Cotton Growers, Inc.]**

- Several things seem apparent when looking toward the 1995 Farm Bill. First, the need to control budget outlays will continue to be paramount. Second, the impact of GATT will be felt. Third, environmental concerns will play a larger role in shaping agricultural policy than in past farm bills. Finally, continuing an effective means of improving and stabilizing farm income must not be overlooked. **[Associated Milk Producers, Inc.]**

- We recommend allocation of scarce budget dollars to protect the income of family farms through farm program benefits. Target prices should be indexed for inflation. We need higher loan rates, implementation of Target Option Payment program, continuation of the Conservation Reserve Program (CRP), and continuation of the Acreage Reduction Program at a level that will provide for adequate supply and stocks without creating excess production. Implementation of a paid diversion program can offset any loss from non-participation in the set aside program. We are adamantly opposed to free trade, decoupling and flex acres. **[Texas Farmers Union]**

- We support a policy that will (1) rely less on government and more on the market; (2) allow farmers to take maximum advantage of market opportunities at home and abroad without government influence; and (3) encourage production decisions based on market demand. **[Arkansas Farm Bureau Federation]**

- We need, in the 1995 Farm Bill, for the people in Washington to recognize the extent of our problems in the rural communities. It's not how many more cows we milk or how many more acres we farm, it comes down to the realization: how do we "cash flow" the rural communities. We have to look at economic development in the 1995 Farm Bill not as a "give away" but as investment, to build infrastructure and jobs that will add to the nations's economy for years to come. **[Marvin Gregory, Producer]**

- Our country must invest in maintaining the strength of the family farm system. Corporate farming is not the answer. We are tired of being used to buy votes with our cheap food. We need leaders who know what agriculture is and stands for, who have been there, who know the problems and what we fight and put up with out here, not ones who think food comes from a box or a can. **[Concerned Bryan County (OK) Farmers and Ranchers]**

- As we write the 1995 Farm Bill, we need to make farm income our number one priority. Net farm income must increase. Farmers need to be getting their share of the food dollar. When the processor is realizing 20 percent return on the food dollar and producers only 2-3 percent, the system is askew and awry. **[Colorado State ASCS Office]**

- Farm policy must establish goals on a basis that provides cost of production returns and a reasonable livelihood from the basic output of a family farm. **[Colorado State ASCS Office]**

- We need a continuation of commodity programs. The elimination of any particular commodity program would have a devastating and wide-reaching effect on agriculture. I favor continuing commodity loan programs with some increase in loan rates, Acreage Reduction Programs, Paid Diversion and Targeted Option Programs. **[National Association of Farmer Elected Committeemen]**

- Our strategy at the USDA has to be:
  (1) Increased farm prices and farm income;

  (2) Additional low-cost financing for farmers;

  (3) A reduced downside price risk to farms;

  (4) Encouragement of grain storage; and

  (5) Higher loan rates which would reduce CCC outlays if repayment of the loans and interest paid by producers were properly credited in the budget process. We never want to forget how important it is to have incentives to keep people on the farm. If we are creative, we can direct farm program payments to family farms and save the federal government the extremely large budget outlays. **[Colorado State ASC Committee]**

- Historically, Congress has avoided radical change in farm legislation and has instead proceeded with small incremental steps. The precedent is a good one and should be followed again. **[Oklahoma State ASC Committee]**

- A few suggestions to improve farm programs:
  (1) Unfreeze yields. Allow producers to prove up their yields. We now have better farming methods and CRP has taken out the less productive lands;

  (2) Reduce redundant paperwork at the ASCS offices, such as the person determination forms required for program payments;

  (3) Raise the $50,000 payment limit since there are fewer farmers year after year farming the same number of acres;

  (4) Announce the upcoming farm program earlier in the year, such as by October 1 of the previous year;

  (5) Build more flexibility into the farm programs, such as trading crops on crop bases, enabling farmers to better use the markets and comply with conservation compliance plans;

  (6) Tie CCC loan rates more closely to market prices;

  (7) Offer more crops under the Federal Crop Insurance programs, such as cowpeas and sunflowers; and

  (8) Continue the CRP signups for those people that have land that would be eligible to stop erosion. Also, allow permanent CRP strips to count as setaside acres. **[John Riukup, Producer]**

- Changes made to the present farm bill should provide our career family farmers and ranchers with an opportunity to receive an equitable return on their investment and a just compensation for their labor whereby they can provide for their families on the same basis as others in our society who have an equal investment. **[Texas State Grange]**

- There will be many issues, other than production and marketing matters, addressed by the farm bill. They include environmental and land use policies, research and education, world trade, consumer demands and concerns such as food quality and food safety, and rural development. But topping the list of these is maintaining profitability in agricultural production because without profitability, there will be no farmers and none of the above issues will matter. **[Kay Bailey Hutchison, United States Senator, Texas]**

Extension of the 1990 Farm Bill

- Despite some weaknesses of the 1990 Farm Bill in assuring farm price protection, it has served to allow strengthened net farm income for most producers. I recommend that the 1990 Farm Bill provisions be extended another 5 years. Now is not the time to introduce totally new commodity program concepts during the uncertainties of GATT implementation. **[Texas Wheat Producers Association]**

- The current program has been the single most important factor in boosting use of U.S. cotton to its current record levels. If current program provisions and implementation procedures are extended for the life of the 1995 Farm Bill, the domestic market for cotton will continue to expand. **[Louisiana Cotton Producers Association]**

- Texas Cotton Producers recognize the importance of the national farm program to its grower members, and we support and encourage the continuation of current law in the approaching 1995 Farm Bill. We feel that the present farm legislation provides the necessary tools to maintain price stability, and that it includes invaluable marketing aids. **[Texas Cotton Producers, Inc.]**

- The current Cotton Title of the Farm Bill is designed to make U.S. cotton competitive in the world market. Without marketing loans, U.S. cotton and textile manufacturers would have found it hard to compete in the world market. We encourage Congress and the Administration to keep the current Cotton Title of the Farm Bill intact. It makes us competitive in the world market and it will allow us to produce cotton to meet the increasing demand from consumers. In so doing, it creates jobs and fuels the economy on the local and national level. We don't need to have a program that discourages production and competition. **[Texas Cotton Ginners' Association]**

- We need to consider various options for farm policy, and to remain aware of the unique characteristics of the various commodities affected. It is important that farm legislation reflect these differences. It cannot be crafted as a one-size-fits-all-policy. On balance, a simple extension of current farm program provisions is the most prudent action to follow. **[Arkansas Farm Bureau Federation]**

- We support the extension of the current Farm Bill, and agree that a continuation of the rice provisions of the 1990 Farm Bill is in the best interest of rice producers. **[Louisiana Rice Growers Association]**

- The Federation supports continuation of the current program. The program is sustaining rice producers in this country. The general emphasis on programs is as a "safety net" for rice producers, but these benefits have eroded over time. **[USA Rice Federation, Texas Rice Producers' Legislative Group, Louisiana Farm Bureau Federation Rice Advisory Committee, and the Louisiana Rice Producers' Group]**

General Commodity Prices

- We must have a price for commodities in the parity range, if we are to keep paying taxes, buying high-priced equipment, keeping jobs for the working people and producing food and fiber for this nation. Let's reward the good farmers and punish the bad ones. **[Texas Equipment Company, Inc.]**

- Farmers and ranchers are not looking for handouts or subsidies if they can get a fair price. Can we afford to go to a world market price for our agricultural commodities and expect our natural resources to be preserved and have a strong, sustainable agriculture industry? Do we expect our farm families to have the same standard of living as those in China or India or Brazil? I don't think so. Our peacetime national defense budget is over $240 billion annually. Shouldn't the national defense of our food and fiber industry, which is basic to our existence, deserve a higher priority? **[Concerned Bryan County (OK) Farmers and Ranchers]**

- We need fair commodity prices directed to family farmers and ranchers and appropriate compensation for any mandated rules and regulations affecting farming operations. **[Colorado State ASC Committee]**

Price and Income Support Levels

- Raising the loan rate, together with supply management, will allow us to get their money out of the market place and allow us to get our money out of the marketplace and allow us to forfeit other subsidies. **[American and Texas Corn Growers Associations]**

- We feel it will be very important to maintain current target price support levels to maintain farm income. We would be concerned about raising loan rates because of potential adverse effects in world markets. We would be concerned about any program modifications that would cut farm income and reduce our export competitiveness. **[Independent Bankers Association of America]**

- The goals of the American Agricultural Movement are:
  (1) 100% parity for all domestic and foreign used or consumed agricultural products;

  (2) All agricultural products produced for national or international feed reserve shall be contracted at 100% parity;

  (3) Creation of an entity or structure composed of agricultural producers to devise and approve policies that affect agriculture;

(4) Imports of all agricultural products which are domestically produced must be stopped until 100% parity is reached, thereafter imports must be limited to the amount that the American producers cannot supply; and

(5) All announcements pertaining to any agricultural producing cycle shall be made far enough in advance that the producer will have adequate time to make needed adjustments in his/her operation. **[American Agricultural Movement]**

- We recommend, at a minimum, the freezing of both target prices and flex acres and would oppose any further erosion on target payments either by a target price reduction or by a flex acre increase. **[Oklahoma Grain and Stocker Producers Association]**

- Commodity subsidy programs need to reflect more adequately production costs. Subsidy amount limitations should be based on production averages per acre for the eligible crop and not on the person or entity which produces the crop. **[Texas Association of Soil & Water Conservation Districts]**

- The next farm bill needs to NOT introduce more market-distorting price relationships. According to our studies, improved quality and types of grain sorghum are now at least equal to corn in terms of feeding value; in the case of dairy, sorghum's feed value appears to be somewhat better than corn. However, the last farm bill set the target price of sorghum at 95% of the corn price. As a result, and without reference to the improved feed value, the market price of sorghum is artificially held below that of corn. **[Texas Grain Sorghum Producers]**

- In the event we have to make a choice of budget problems, my number-one priority would be to retain the Target Price for the commodities at their present levels, and even index them for inflation. The present Target Price level far from guarantees us a profit, but it does act as insurance to allow us to get a loan to put in the crop. Lower the Target Price level and this may not be the case. **[Gerald Clark, Producer]**

- Price protection is essential to the economies of most rice growing counties. **[Gulf Coast Division Advisory Committee, Lower Colorado River Authority]**

- Farming is not only a way of life, it is also a business. No business can survive when expenses are larger than income. Costs are continuing to rise while prices for commodities continue to fall. We suggest raising loan rates. According to a study by the General Accounting Office, raising government price supports would increase earnings 21 percent. A fair market price to cover costs of production plus a reasonable profit would eliminate subsidy payments. **[Women Involved in Farm Economics]**

- As we deal with budget constraints, we must utilize what scarce budget dollars that are available to protect the income of the family farm through directing farm program benefits. Raising loan rates is one way to do exactly that. Moving the loan rate closer to the target levels requires less outlays. **[Colorado State ASC Committee]**

- Cotton producers depend on the farm programs to keep their income at a level where they can stay in business. Based on my experience as a banker, 80 percent of our farm loans would not be made without the security that the current farm bill provides. In reviewing a producer's loan application, I give more weight to the USDA deficiency payment and the Federal Crop Insurance guarantee than to crop production or assets, knowing in December those two payment sources might be all the bank gets. **[Wayne Mixon, Producer and Mayor, Seminole, TX]**

Marketing Loans

- Marketing loans should be eliminated in future years. **[American and Texas Corn Growers Associations]**

- The marketing loan program has been responsible for a more than 50-percent increase in cotton use, broad-based improvement in profitability across the cotton growing regions, and the prevention of large-scale forfeitures of cotton to the CCC. The primary disadvantage of the marketing loan has been government costs. Such costs, however, have occurred to a large extent as a result of subsidies paid by foreign governments to their cotton industries. Except for the marketing loan, U.S. cotton would have been priced out of the world market. **[Louisiana Cotton Producers Association]**

- If U.S. cotton exports are to expand, we must continue to incorporate such provisions in the farm bill as the marketing loan. This concept allows our growers to increase sales of cotton, rather than to expand carryover stocks. **[Cotton and Grain Producers of the Lower Rio Grand Valley and Texas Cotton Producers, Inc.]**

- The marketing loan mechanisms maintain our ability to stay competitive in the world market and even allow us to open new markets to U.S. cotton. Unfortunately, this unprecedented experience also caused the cost of the cotton program to increase over one billion dollars in both 1993 and 1994. These were short-term increases and costs are projected to be lower in the future. By continuing this highly successful program structure in the 1995 Farm Bill, the American cotton farmer will be assured the protection of a market-oriented program capable of adjusting itself to provide only as much support as necessary to maintain a viable farm economy and allow American agriculture to compete around the world. **[Plains Cotton Growers, Inc.]**

Means Testing and Targeting of Benefits

- We oppose any income means test applied to farm program payment eligibility, as well as efforts to reduce program benefits through lowered payment limitations or repeal of the 3-entity rule. Reducing payment limit levels would force more operators outside the program and, thus, reduce program effectiveness in managing production, prices and incomes. **[Louisiana Cotton Producers Association and Texas Cotton Producers, Inc.]**

- Any further reduction in program payment assistance will be met with a drastic reduction in program participation by farmers. Either means testing or additional payment limitations will significantly impact producers in Texas more than most states. **[Texas Farm Bureau]**

- We encourage you to fight efforts to restrict program eligibility through the imposition of additional limits on program benefits. **[Plains Cotton Growers, Inc.]**

- There is talk of allocating program payments to low-income farms and phasing out payments, by way of a means test, to farmers with off-farm income or those with farm income that is deemed too high. I wonder why the government would support the most inefficient farms at the expense of the progressive, productive family farms that keep U.S. agriculture the best in the world. With a means test applied to program payments, the Farm Program becomes a welfare program supporting inefficiency. The goal of providing stability in the cost of production of food is lost. **[Barry Evans, Producer]**

- A means test will discourage new, young farmers and enterprising farmers from supplementing their income with off-farm jobs, and prevent them from forming new enterprises that are desperately needed in rural communities. Many of the value-added processing businesses that are located in area were started by local farmers. Program payments are such a large part of farmers' income that they cannot afford the risk of losing the payments; these local businesses could be shut down, and the incentive to start new businesses will be gone. These farmer-owned businesses are crucial to the infrastructure of rural America. Means testing will close them down. Let's not subsidize inefficiency and failure, but rather encourage productivity, efficiency, and success. **[Barry Evans, Producer]**

- We oppose application to means testing of any programs. **[Arkansas Farm Bureau Federation]**

- Do not reduce the $50,000 Pay Limit or make substantial changes to the Payment Eligibility or "Three Entity" rules. Most family rice farm operations, and I emphasize family and not corporate operations, require the efficiency of at least 400-500 acres of production. Also, I urge that the Market Gain (which results from the CCC Loan repayment at World Market Price, instead of the Loan Rate) not count against the $50,000 Pay Limit. **[Gerald Clark, Producer]**

- One of our top priorities is opposition to any further limits on benefits which might be imposed by means-testing or any other measures to restrict benefits based on size, management organization or income. We believe further restrictions on program eligibility is, by far, the most counterproductive way of controlling costs. **[Producer Steering Committee of the National Cotton Council]**

- Targeting farm program benefits to the production levels of family farm operators would reduce Government costs while furthering the sustainability of our family farms, our rural communities and our natural resources. Provisions in a new farm bill need to include:
  (1) Limits on the volume of production for which any one person can receive deficiency payments and/or commodity loans and prohibitions on the artificial subdivision of farms to avoid such limits;

(2) Protection of the initial units of family farm production from budget cuts under the terms of any farm or budget bill; and

(3) Implementation of a paid diversion to offset any loss of large farm participation in the set-aside program. **[Colorado State ASCS Office]**

Supply Control

- We must control production with an effective supply management program. We need to take the politics out of setting ARPs. We need to put in place a formula tied to carryover stocks that will mandate ARPs if we have excessive stocks. We should tie set-asides to the crop report. **[American and Texas Corn Growers Associations]**

- We favor a 0-percent set-aside program. When the United States reduces planted acreage, we effectively export our productive capacity to other countries while reducing our capacity to export grain. **[Oklahoma Grain and Stocker Producers Association]**

- Livestock producers—the largest sector of U.S. agriculture—have long believed in reliance on market forces and prefer less government intervention in agriculture. Congress should avoid budget-driven temptations to control crop supplies through increased supply control and higher loan rates. Artificially inflated grain prices will seriously damage cattle producers—the largest customer for U.S. feedgrains. I strongly urge Congress to design commodity programs so that the impact of one commodity program on other commodities is minimized. **[Texas Cattle Feeders Association]**

- Historical data indicate that acreage reduction programs have resulted in a loss of market share. We would like to see alternatives to annual set-asides, such as multi-year set-asides designed to achieve conservation/wildlife habitat goals, an environmental TOP (Targeted Option Payment) program, and a flexible CRP program. **[Arkansas Farm Bureau Federation]**

- We desperately need a continuation of strong, market-oriented farm programs, not supply management. **[Producer Steering Committee of the National Cotton Council]**

- I would like to suggest that ASCS change its policy to use the following formula: "For each 1 cent below the target price for any crop, there would be a mandatory 1 percent set-aside. No exceptions." There would be no other government price controls, no subsidies, etc. I think this will solve the commodity pricing problems that farmers now face. I also believe that this formula would keep price control away from the government and the commodity traders. **[Joe Grotegut, Producer]**

Planting Flexibility

- Maximum flexibility should be allowed on program acres so the farmer can plant what (s)he chooses and still qualify for farm program benefits. **[American and Texas Corn Growers Associations]**

- Wheat farmers, unlike many other agricultural producers, have few planting options other than wheat. Hence, wheat growers do not have the opportunities available to others to make use of planting flexibility. Any increase in flex acres to maintain farm income is opposed. **[Texas Wheat Producers Association]**

- Cotton has been the only program commodity to experience a net gain in acreage under the flex acre provisions. Producers in Louisiana are reluctant to support increasing crop flexibility. **[Louisiana Cotton Producers Association]**

- Most producers in Texas are interested in additional flexibility to meet the demand of the marketplace. However, this should be accomplished without reductions in payment acreage. One possibility is flexibility to plant any program crop a producer feels meets a market need, with producers receiving payment assistance based on their acreage and base history, but develop a base history on actual planted acres using a 5-year moving average. **[Texas Farm Bureau]**

- Every effort is being made to give producers as much flexibility in farming as possible. In the past few years there appears to be a steady decline in ARP participation. Producers, state and county committees, and ASCS employees feel that this result is due to limited planting flexibility. We encourage changing provisions during the development of the 1995 Farm Bill that would provide more planting flexibility to our farmers. Limiting crop acreage bases (CABs) to total cropland, but allowing producers to plant their choice of program crop or crops, up to the total of the farm's CAB allows planting flexibility. **[New Mexico State ASCS Office]**

- I am in favor of a return to a Total Acreage Base for each farm with a maximum of 50 percent flex from each commodity's original base on the farm. A program such as this would allow producer flexibility and assure an adequate supply of food and fiber for our country. **[National Association of Farmer Elected Committeemen]**

- We need more flexibility in what farmers can plant on their total acreage base; therefore I urge that the Total Acreage Base approach, which would simplify many program provisions, be budget neutral, and permit producers to adopt crop rotations and other beneficial practices, without fear of losing base or payments. **[Gerald Clark, Producer]**

- We do not want an increase in flex acres. **[Louisiana Rice Growers Association]**

- Planting flexibility is most important in Texas as well as other states with weather problems and market price fluctuations. The Total Acreage Base (TAB) is more environmentally friendly, reducing chemical usage. The proposed planting flexibility is in fact much superior to the more rigid, complex, and farmer-frustrating provisions of the 1985 and 1990 Farm Bills. Planting flexibility, as proposed, will allow more individual producer latitude and freedom. It will encourage more crop rotations and other soil and water conservation benefits. In addition, weed, insect, and disease controls can be accomplished through better crop rotations allowing pesticide usage to be further reduced. It will simplify, streamline, and make the programs more farmer-friendly. **[Texas State ASC Committee]**

- An area of concern relates to EPA advocating farmers reduce their dependence on chemicals and to become more active in supporting a sustainable agriculture by participating in the rotation of crops, thus promoting an effective integrated pest management program. Our farmers have concluded that this philosophy should be supported; however, farmers who participate in a crop rotation practice as advocated by EPA are penalized by loss of crop base. We urge that this policy be revised to eliminate such a loss. **[Texas State Grange]**

Conservation Reserve Program (CRP)

- We support the continuation of the CRP. **[American and Texas Corn Growers Associations]**

- We urge that all CRP contracts be extended another 5 years due to uncertainties of the 1995 farm bill and GATT enabling legislation, and possible lack of markets for increased production from released acreage. **[Texas Wheat Producers Association]**

- It is important that the CRP continue to serve a range of conservation objectives, including soil, wind and water erosion reduction, wildlife habitat enhancement and improved water quality and soil productivity. Some consideration should be given to producers who are having difficulty meeting conservation compliance requirements. Funding for CRP extensions is a fundamental question, and it is very important that a budget baseline be established to enable long-term reauthorization of the program in the upcoming farm bill. **[Texas Wheat Producers Association]**

- The one-year extension of CRP contracts that were to have expired September 30, 1995, is welcome news. We feel a commitment needs to be made by the Administration in terms of baseline adjustment to ensure the CRP is continued throughout the life of the Farm Bill. Perhaps some modifications are needed to individual contracts to ensure that the program continues to meet conservation and environmental goals. Many landowners have indicated that they would accept a reduction in rental rates to stay in the program, as long as the landowners were permitted to graze livestock or lease grazing rights. **[Independent Bankers Association of America]**

- We support continuation of the CRP. Targeting or refocusing the efforts of the program would counter some abuse. **[Texas Farm Bureau]**

- We favor the re-enrollment of the CRP at 80 percent of the current contracts. **[Oklahoma Grain and Stocker Producers Association]**

- I would hope that some form of CRP is extended, with perhaps allowing more land in, such as land that can't make compliance, wetlands, etc. CRP is very popular and enjoys widespread support. CRP should be everyone's issue, not just agriculture. Hence, the CRP should be a separate budget item. **[Monty V. Niebur, Producer]**

- CRP has the most important place in conservation of water and soil erosion. If half of the county's CRP land goes back into irrigated production, the Ogallala aquifer would likely be pumped dry. Soil loss during the early 1950s was around 145 tons/acre. With CRP in effect for 7 or 8 years, soil loss has been cut to 5 tons/acre. When planning for a new farm program, you have to look back and see the good that the programs have done in the past. **[Gaines County (TX) Soil Conservation and Water Board]**

- The CRP has been a model program for the reduction of soil erosion on the High Plains. A future CRP should allow changes in specific acres enrolled so that highly erodible land could be kept out of production. Also, the county totals should be kept about the same as now. **[Plains Cotton Improvement Committee]**

- The CRP has achieved the identified goals for crop producers of reducing soil erosion, curbing production, and enhancing farm income. The disposition of land enrolled in the CRP upon contract expiration is of great concern to the livestock sector. Options for future use of CRP land include:
  (1) allow the program to expire without direction about end use;

  (2) extend the program to keep land out of crop or livestock production for another 5-10 years; and

  (3) allow CRP land to return to its previous use of crop production—but not livestock production. Land use for "new" cattle production will result in increased beef supplies, lower prices, and reduced profitability or increased losses for cattlemen. **[Texas Cattle Feeders Association]**

- The CRP is a valuable program that should be extended. The most sensitive lands should remain protected as part of the 1995 program. Eligibility rules should be tightened to ensure the most sensitive lands can remain protected while less sensitive lands—some of which should never have been in the CRP—can return to production under an approved conservation system. **[Texas Association of Soil & Water Conservation Districts]**

- We support an extension that allows the largest possible number of contracts to be extended at the producer's option. We also need to make every effort to extend the budget baseline to preserve our options. **[Producer Steering Committee of the National Cotton Council]**

- The National Grain and Feed Association, which consists of processors and exporters of grain, is pushing to restore CRP land back into production. However, there is no shortage of grain. This is another effort for full production, lower prices, and huge profits for traders. The CRP program to control highly erodible land or environmentally sensitive land has improved our environment and improved the erosion of land all across the nation. **[Women Involved in Farm Economics]**

- The Conservation Reserve Program has been one of the most beneficial programs to Gaines County, Texas. USDA presented a program to producers whereby highly erodible land could be removed from production, sown in grass and maintained in a farm like manner with an annual payment from USDA. Erodible land should remain in a program wherein our topsoil is protected from erosion. This additional crop acreage will dampen our crop values and weaken land values. **[O.C. Elliot, Producer]**

- USDA needs to abolish Johnson grass from the CRP. Johnson grass: infests clean productive cropland; spreads like wild fire through roots and seeds; and is very hard and expensive to control. Eliminating Johnson grass from the CRP will: preserve cropland from further infestation; prevent enormous use of herbicides; prevent USDA from being sued for infestation; and save farmers thousands of dollars. I request: abolish Johnson grass from CRP; clarify who has the ultimate decision in the approval of CRP at the state and county level, SCS or ASCS; assure that the field technical guide be approved by the county ASC Committee; and either replant or cancel the CRP contract adjoining my land because it will eventually destroy my land. **[Maximo Vera, Producer]**

- It has been documented that the CRP has provided a stable income base for many program participants, reduced federal outlays for deficiency payments, and stabilized levels of production. If we could put a financial value on the soil that stays on the land instead of becoming airborne or sediment in our lakes and streams, the improvements seen in water quality in lakes, streams and aquifers, or the tons of carbon cleaned from the air and sequestered in the soil and the tons of oxygen produced by 36.4 million acres of green grass and trees, the value would likely be in the billions of dollars. The potential for biomass production which can be developed from these acres would possibly be worth billions of dollars within a few years. Let us not relive the history of the "Soil Bank" of the 1950s and allow this vast environmental resource to escape and once again disappear. **[Oklahoma State ASCS Office]**

- I believe that conservation and commodity programs go hand in hand. Hence, I am in favor of continuing all current conservation programs including the CRP. The CRP has saved soil, expanded wildlife habitat and population, improved soil, air and water quality, enhanced wetlands and encouraged tree planting. At the same time, it has saved government money, strengthened farm income and helped balance supply and demand. **[National Association of Farmer Elected Committeemen]**

- The one-year extension of the CRP is a good start. We believe the program must be continued, and new monies need to be found. As an environmental enhancement program, the funding for this popular program should be separate from other farm programs. There could be incentives for air quality, wildlife habitat and biomass production as well. My only concern is that we do not use our present farm program payments for these new incentive payments. **[Colorado State ASC Committee]**

- When all costs are considered, both direct and indirect (such as the environment), CRP contracts could be extended at full value with no net loss to the government. We encourage the extension of all CRP contracts via the 1995 Farm Bill. **[Oklahoma State ASC Committee]**

- Cropland under CRP now enhances the habitat for wildlife, such as elk, deer, antelope, pheasant, song birds, and many other species that had never been in the area before. Wild flowers are prominent species throughout the now preserved cropland, thus providing for aesthetic sites throughout the countryside. When continuing the CRP, it would be important to have rebidding because some original bids were too low. **[New Mexico State ASC Committee]**

Conservation Compliance

- There is a strong correlation between conservation compliance, conservation reserve, crop flexibility, crop rotation and crop option programs ("Green Payments"). Conservation compliance would be enhanced by allowing crop rotations. The program would need to allow substitute crops without losing base and deficiency payments. **[Monty V. Niebur, Producer]**

- Our present rules and regulations have very tight controls and the penalties make up a severe structure. Let the punishment fit the crime. Use only acres involved, not the total farm. **[Monty V. Niebur, Producer]**

- Conservation compliance is the biggest issue we deal with in regards to the current farm program. Decades of trial and error have gone into the development of specialized equipment and production practices that are specifically geared toward preventing soil erosion in our area while also conserving our main limiting resource—water. Unfortunately, many of the conservation plans currently being implemented, or already in place, call for the use of techniques that were developed in other places and do not necessarily work like they should. **[Plains Cotton Improvement Committee]**

- The conservation compliance rules don't allow much leeway for producers who are trying to conserve soil moisture. "Plow-up" dates also prohibit a producer from entering his/her field to do necessary land preparation activities in a timely manner. Research has shown that delayed planting results in reduced yields. Another major problem is the inability to implement cultural practices that have proven successful for decades as ways to preserve moisture and reduce erosion, such as plowing or deep-breaking. **[Plains Cotton Improvement Committee]**

- Suggested changes in conservation compliance rules would be:
  (1) work more closely with producers to develop or modify plans to address the erosion issue in a more individualized manner;

  (2) USDA employees at the county level should be given even more flexibility in developing local solutions that take into account not only the producer's financial situation but also draw from both new technologies and those which have been tested over time and proven successful in that area; and

(3) all parties should work harder for a return to the less confrontational working relationship that existed when producers were able to voluntarily seek the help of the SCS to develop control strategies for their farms. **[Plains Cotton Improvement Committee]**

- We realize that one conservation practice cannot fit all. We believe that if a practice is approved by the NRCS and the local soil and water conservation district board and it takes land out of crop production, it should be eligible for set-aside. We believe this would be a good incentive program to help stop wind and water erosion, and we would like to see this implemented in the 1995 Farm Bill. **[Texas Association of Soil & Water Conservation Districts]**

- Sodbuster laws need to give some relief to small acreages where little or no erosion is taking place. Many small vegetable producers in the Deep East Texas area have been farming fields for years with little or no erosion taking place and certainly not showing. These small farmers have problems in getting a Conservation Plan written by SCS. We would recommend that producers farming under 10 acres not need a conservation plan unless it is proven they are causing an erosion problem. **[Cherokee County (TX) Vegetable Growers Association]**

Environmental Programs and Regulations

- Although farmers recognize a very real need to protect the environment and to preserve native wildlife, we feel it is important that environmental policy decisions should be weighted with a required cost/benefit analysis, and that policy decisions should be based on sound research technology. **[Texas Cotton Producers Association]**

- Only realistic proposals for habitat management in regards to the Endangered Species Act that are based on sound science and common sense should be considered for implementation, and the administration of restrictive land use policy should be voluntary, and should not involve the taking (directly or indirectly) of land from private citizens. **[Texas Cotton Producers Association]**

- Environmental enhancement programs do not assist producer income but are partial payment for a cost to producers. It will be necessary for taxpayers to begin to pay for the additional environmental benefits society is demanding. A comprehensive Environmental Stewardship Incentive program should be developed to accomplish water, soil, and wildlife enhancement that society now desires. Such a program could be structured to operate similar as the current Conservation and Wetlands Reserve Programs, whereby producers submit bids for the protection to be provided. **[Texas Farm Bureau]**

- We are increasingly concerned that farm program payments, research, and market development funds will continue to decrease at the expense of conservation and environmental programs. Anything can be overdone and overregulated, and we are fearful that this has and will take place. If the Administration and this Congress succumbs to the pressure from environmental groups to place more restrictions on production agriculture, and at the same time continue to reduce farm program benefits, America's producers will face severe economic hardship. **[Oklahoma Grain and Stocker Producers Association]**

- Soil conservation programs have to be paid for. Farmers and land owners cannot afford environmental programs and soil-saving programs without government aid. I hate to see the 1995 farm program curtailed by a few environmentalists who actually don't have to feed and clothe the world and don't understand soil management. Farmers and ranchers of today know pretty well how to handle their land. **[Gaines County (TX) Soil Conservation and Water Board]**

- A cost/benefit analysis should be done on new regulations and/or program requirements to make sure the burden placed on individual producers does not have an adverse effect on their economic viability. **[Plains Cotton Improvement Committee]**

- Agriculture and other industries are choking under the weight of regulatory programs—especially over-zealous environmental regulations. Incentive-based programs, rather that regulatory mandates, have proven effective in many areas of agricultural policy. "Green" payments could greatly encourage and enhance producer participation in best management and cultural practices that conserve and protect natural resources. Congress should seriously consider implementing incentives to encourage farmers to use more natural fertilizers such as animal wastes. **[Texas Cattle Feeders Association]**

- We need to refocus the nation's conservation and natural resources management programs. In addition to the compliance-based approaches of current farm programs, we need to develop an incentive-based program that recognizes and rewards good stewardship practices. **[Texas Association of Soil & Water Conservation Districts]**

- An area of concern is the rising number of unfunded federal mandates to the entities who provide technical service and support to the soil and water conservation districts. Currently, less than 1.5 percent of the federal budget is devoted to natural resource protection and management. If the federal government expects its mandates to be fulfilled, it should provide funding and personnel. **[Texas Association of Soil & Water Conservation Districts]**

- In the process of developing environmental programs, we earnestly request that a rule of reason and equity be applied. The ability to reasonably achieve the stated goals must be present and must be possible within the framework of reasonable cost. Programs must be consistent and should not be subject to frequent changes and adjustments. **[Associated Milk Producers, Inc.]**

- The Forestry Incentive Program (FIP) should continue regardless of the agency designated to administer it. It would save soil and water and improve air quality and a the same time provide lumber, a much-needed and very essential commodity for our next generation. **[National Association of Farmer Elected Committeemen]**

- Regarding proposed environmental requirements, taxpayers and consumers must be given a chance to financially support and compensate farmers for environmental improvements that they perceive to be beneficial, but which are not economically feasible for farmers to implement. **[Louisiana Farm Bureau Federation Rice Advisory Committee and the Louisiana Rice Producers' Group]**

- The Clean Water Act, the Endangered Species Act, Wetlands and other programs could affect farm income more than the 1995 Farm Bill if we are not careful with the mandates of these laws. If we choose to mandate certain rules with these programs, there must be incentive payments or assurances to compensate for the potential loss in farm income. **[Colorado State ASC Committee]**

- A Farm Bill must provide assurance that all commodities are protected. Can the same incentives that might be applied to crops be used for livestock when it comes to implementation of the Clean Water Act and other mandated programs? **[Colorado State ASC Committee]**

- USDA should have input into the pesticide approval process, along with EPA and FDA. We are not opposed to a portion of government payments going to enhance the environment for we are acutely aware that the case for federal assistance to agriculture is greatly enhanced when this occurs. **[Oklahoma State ASC Committee]**

The Agricultural Conservation Program (ACP)

- The Agricultural Conservation Program (ACP) should be kept and expanded. This program has never been funded to the maximum permitted by law ($500 million). For 1995, the amount allocated ($100 million) is drastically reduced from $190 million last year. This is a program which solves many different conservation problems. It provides wildlife and general public benefits at very little if any cost if you would consider the boost in local economies. **[Cherokee County (TX) Vegetable Growers Association]**

- The Agricultural Conservation Program (ACP) has been and must continue to be the most powerful conservation program every developed. Many unknowing people believe that once conservation compliance plans are in place that no additional conservation would be required. This could not be further from the truth, since they only address highly erodible soils. In Oklahoma, up to 30 percent of the land still needs conservation treatment. Little attention has been placed on land not meeting highly erodible criteria. We must continue to fund the ACP at the $190 million figure. **[Oklahoma State ASCS Office]**

- The need for continual maintenance and upgrading of conservation practices and the ever changing and expanding role of conservation in areas of air and water quality point to the importance of maintaining conservation programs. We would encourage this Administration to support inclusion of the ACP program in the 1995 Farm Bill with funding levels equivalent to those of the early 1990s. **[Oklahoma State ASC Committee]**

Private Property Rights

- It is also strongly felt that private property rights should be preserved and respected under the law. When the productive capacity of the land is reduced by government regulation or intervention, when government action restricts the use of private property, or when the value of the land is reduced by such action, the landowner should be awarded just compensation for the loss of production, land value or the use of the land. **[Texas Cotton Producers Association]**

- The erosion of property rights continues to be a serious concern of U.S. agriculture. I urge Congress and USDA to be proactive in protecting property rights. Why not challenge the restrictions placed on American agriculture by the Endangered Species Act, National Biological Survey, and other legislative or regulatory programs? **[Texas Cattle Feeders Association]**

- The 1995 Farm Bill should address the importance of private property rights. Natural Resources Conservation Service (NRCS) employees should not be used to fulfill another agency's agenda that may infringe on private property rights. **[Texas Association of Soil & Water Conservation Districts]**

- We urge you to take into consideration the effects of new regulation and rule-making that would reduce or eliminate a person's right to make use of his or her private property. The erosion of private property rights has especially serious consequences to rural landowners since they are most likely to depend on their ability to make the best use of their property to make a living. **[Plains Cotton Growers, Inc.]**

- Gross abuses of power and private property rights by federal bureaucrats must be stopped and landowners fairly compensated when it is in the public interest to restrict use of their land. **[Oklahoma State ASC Committee]**

Rural Development Opportunities

- Suggested solutions to the situations faced by farmers, ranchers and rural residents in the United States are:
  (1) The 1995 Farm Bill should provide that the national strategy for rural economic development include federal investment tax credits for targeted job creation and job retraining programs administered by states. States should have the authority to designate areas eligible for investment tax credits based on specific human resource development needs to achieve specific rural development goals.

  (2) The Farm Credit System should be given authority to finance value-added enterprises that may be on-farm or off-farm investments. The System should also have the opportunity to design and implement a beginning farmer program.

  (3) The Rural Development Authority (RDA) should be allowed to issue guarantees on commercially viable rural projects in the early stages of project development, instead of after a facility is constructed.

  (4) FmHA should focus on its original mission of assistance to beginning and limited resource farmers and ranchers and use a strict graduation process.

  (5) The 1995 Farm Bill should direct the Secretary of Agriculture to create a Rural Development Block Grant Program which will be administered through the state departments of agriculture. This program should provide funding for agriculture-related business development and job creation, including feasibility studies, technical assistance, research and technological development assistance, cooperative organizational assistance, and leadership development. **[Oklahoma Department of Agriculture]**

- In the past, rural economic development policy often has ignored farmers and ranchers and their contributions to revitalizing the rural community and economy. A very positive change for this Administration would be to deliberately include family farmers in the solution to create new and expanded rural economic development. **[Oklahoma and National Farmers Union]**

- We encourage the Administration and Congress to ask these questions: What will rural America look like in the next decade and beyond? Will we see production agriculture increasingly strapped by unnecessary and often unfunded federal mandates and at the same time experiencing no growth in the real price of the commodities they produce? Will we continue to see depopulation of rural America? Or, will we see a vibrant agricultural industry prospering in an economic and environmental climate friendly to the production of high-quality food at the least cost to the consumer? We believe that the best rural development available is the profitability of production agriculture. We encourage this Administration and this Congress to take a stand for America's farmers and say enough is enough. Farmers have taken their hits and they should take no more. **[Oklahoma Grain and Stocker Producers Association]**

Rural Credit and Finance Needs

- Since 1984, FmHA has been shifting its farm lending portfolio from direct to guaranteed farm loans. Guaranteed loan programs have not and cannot become a viable substitute for direct lending, nor can they aid the limited resource borrower for whom FmHA was designed and established. The federal government has tight budget constraints, but the trend of declining appropriations for farm operating and ownership loans must be stopped. **[Oklahoma and National Farmers Union]**

- FmHA field employees hired during the past few years tend to be less sympathetic toward the farming community. FmHA employees should be encouraged to help farmers and work with them in resolving their credit problems, rather than work to find a way not to make loans. USDA should work more diligently toward providing more local FmHA personnel, not less, who believe in the original principles of FmHA programs and want to work with farmer-borrowers. Local FmHA offices should be staffed at such levels of capable, qualified personnel that are able to work with farmer borrowers, have direct knowledge of how and why loans are performing or not performing, make suggestions or recommendations to farmer borrowers and thereby be much more knowledgeable when making servicing decisions which might or might not keep a farm family on the land. **[Oklahoma and National Farmers Union]**

- We urge Congress and the Administration to re-evaluate spending priorities and work to shift or make available additional needed monies for direct lending to our nation's agricultural producers. **[Oklahoma and National Farmers Union]**

- We believe that a strong community banking system that supports local economic development activities should be the cornerstone of national rural development policy. We testified against HR 4129, the Rural Credit and Development Act, introduced by Representative Clayton, because we are concerned about misguided approaches that suggest you can enhance the lives and business opportunities of rural citizens by giving an unfair advantage to one institution, the Farm Credit System (FCS), over another institution, namely community banks. Community banks welcome competition, but the FCS is a different animal, which doesn't share the same regulatory oversight, tax and credit obligations of community banks. **[Independent Bankers Association of America]**

- Some questions to ponder: Why has the FCS's farm debt portfolio declined so dramatically the last 10 years? Why is the System not meeting the residential credit needs in communities of 2,500 or less? How can FCS prevent erosion of service to rural areas and farm borrowers if they provide credit to businesses outside of local communities? What is the level of FCS participation in the FmHA guaranteed lending programs in relation to the number of applications and number of loans granted? Is the System using adequate underwriting standards that ensure its safety and soundness? Would the System be willing to adopt some of the regulatory responsibilities required under the Community Reinvestment Act? Would the System be willing to apply for bank charters and assume the same tax and credit responsibilities that banks shoulder? There are simply too many questions to ask of the System before even considering an ill-advised expansion of their charters to allow them to unfairly compete with community banks. **[Independent Bankers Association of America]**

- There is a need for institutional financing in rural areas, such as hospitals, jails and rural medical facilities. This would help both agriculture and everyone else in rural America. Local banks do not want to offer such long-term credit. **[Farm Credit Bank of Texas]**

- The Farm Credit System (FCS) supported legislation this year to provide more credit alternatives for rural development. HR 4129 failed to pass in the 103rd Congress, but we hope many of the same financing opportunities proposed in that legislation will be reconsidered as part of the 1995 Farm Bill. Congress has granted FCS 38 expanded authorities since the System's inception in 1917. Of these new authorities, 26 introduced new types of lending. These changes have helped the System keep pace with the changes in rural America, have been handled prudently and professionally, and have benefited the American farmer and rural America. **[Farm Credit Bank of Texas]**

- Another area in which the System could contribute significantly is financing of services for agriculture that are performed off the farm. Only 10 percent of rural America is directly involved in farming, and 80-85 percent of rural income comes from nonfarming sources. Many rural areas today are economically dependent on manufacturing, tourism, or retirement industries, not agriculture. Many of the jobs related to these industries will disappear if adequate infrastructure is not in place to support them. **[Farm Credit Bank of Texas]**

- Current rules limit the Farm Credit System's involvement in agribusiness financing to only those services that are provided "on-the-farm." The System wants to remove the "on the farm" requirement and allow Farm Credit to finance rural businesses that provide farm-related goods and services to farmers. We need to be able to finance value-added industry to enhance the income of agriculture so it is not dependent on government subsidies. **[Farm Credit Bank of Texas]**

- The Farm Credit System needs the latitude to finance foreign individuals who have credible investments in the United States. We are not currently permitted by law to finance foreign nationals, which causes severe hardships on our Production Credit Associations and Federal Land Bank Associations along the border with Mexico. **[Farm Credit Bank of Texas]**

- We need loan programs that help keep farmers in business, until the product is ready to sell. Please use some good judgement. You do an injustice making loans people cannot pay back. Perhaps the FmHA could guarantee the loans to the companies instead of the banks. It takes FmHA so long to get the loans approved that the producers don't get their money on time. The supply and equipment companies end up giving the credit anyway, so why not let them take on the task outright, giving the guarantees to the companies and cutting out the banks. **[Texas Equipment Company, Inc.]**

- Low cost credit is needed through an expanded FmHA New and Beginning Farmer Program. **[Colorado State ASCS Office]**

- There must be a safety net that is regionalized with a directed loan program for young producers to service certain levels of debt and a safety net to assure FmHA lending programs success in helping beginning farmers. Such a loan program should be funded as a revolving account, thus eliminating the cost of farm program outlays. **[Colorado State ASC Committee]**

Trade Programs

- Increased trade of U.S. corn to Mexico is a sham perpetrated in the name of free trade. Mexico had a 3 million metric ton surplus of corn last year. Our trade policy must be fair to both us and our trading partners. The dumping of cheap U.S. corn into Mexico to further erode their price structure is an injustice that must not be allowed to happen. We feel the GATT treaty will mean less dollars in farmers' pockets and will give the agriculture committees less say in writing agriculture policy. **[American and Texas Corn Growers Associations]**

- We bitterly oppose the U.S. position on Section 22 commodities. We have many concerns over the phytosanitary, food safety and environmental provisions and feel that separate legislation must be crafted on these particular issues. **[American and Texas Corn Growers Associations]**

- Now that EEP is no longer needed as a trade policy tool, there is a vital role for EEP in developing foreign markets and expanding exports. EEP operations need to be broadened to include all foreign markets and streamlined and funded to increase effectiveness. **[Texas Wheat Producers Association]**

- We believe there is a prevailing misconception that the GATT will reduce the need for agricultural programs in the United States. Nothing could be further from the truth. The U.S. cotton industry under GATT will be far more vulnerable from both raw cotton imports and from cotton content of textile product imports. Also, GATT will not require significant reductions in agricultural spending by foreign competitors. It would be devastating to American agriculture for our government to make unilateral reductions in agricultural spending just when global competition reaches new heights. **[Louisiana Cotton Producers Association]**

- We support the GATT negotiations and its efforts towards freer trade, but the playing field is still not level when it comes to open markets and access. Any enacting legislation in the GATT treaty should contain strong enforcement procedures to avoid the pitfalls of the recent developments with Canadian imports of wheat. **[Texas Farm Bureau]**

- The passage of NAFTA provides us with significant opportunities, but despite a new GATT agreement, the playing field in international agricultural trade will not be level. We need a strong commitment by the U.S. government to help us fight subsidies and unfair competition and take advantage of our opportunities. **[Cotton and Grain Producers of the Lower Rio Grand Valley]**

- The U.S. textile industry believes it will benefit from the passage of NAFTA. U.S. producers have already seen benefits from this agreement as we sold record amounts of cotton to Mexico during 1992 and 1993. However, it appears that the Mexican government is offering increased incentives to Mexican cotton producers. The United States should put Mexico on notice that we oppose subsidy increases that undercut the benefits of this trade agreement to U.S. cotton. **[Cotton and Grain Producers of the Lower Rio Grand Valley]**

- The final GATT agreement and the proposed implementing legislation have done much to allay the concerns of the cotton industry. The tariff rate quota allocation established by USDA was very fair and acceptable to us. In addition, the Administration has made a renewed commitment to agricultural trade programs, which have been very well received by the U.S. cotton industry. **[Cotton and Grain Producers of the Lower Rio Grand Valley]**

- The post-GATT cotton and trade environment will make an effective cotton program even more important. Very little will truly change in the international agricultural marketplace. Our primary competitors in international cotton markets are developing countries which were granted special treatment and even exemptions from many GATT obligations. GATT will not directly address some unfair trading practices used by our competition. U.S. cotton will continue to need assistance from the U.S. government. **[Cotton and Grain Producers of the Lower Rio Grand Valley]**

- It is crucial that the U.S. government have the vision to form a partnership with private enterprise in developing international markets and that the U.S. government uses its authority to help producers compete against subsidized competition through programs such as the Market Promotion Program and the Cottonseed Oil Export Assistance Program. **[Cotton and Grain Producers of the Lower Rio Grand Valley]**

- We favor continued funding of the EEP. It would be shortsighted for America to terminate EEPs unless and until we are certain that the trade agreements we desire are in place. **[Oklahoma Grain and Stocker Producers Association]**

- I urge Congress to recognize the importance of value-added commodities, such as beef, to the nation's economy during development of international trade programs within the 1995 Farm Bill. The structure, funding and implementation of export credit guarantee programs and market promotion programs should reflect the importance of meat-product exports to our balance of trade and domestic economy. **[Texas Cattle Feeders Association]**

- Continuing the strong market-oriented programs of the 1985 and 1990 farm bills is the best way to stay in the game in the post-GATT world. This is especially true given the elimination of Section 22 import quotas. Programs such as the Export Enhancement Program, the Cottonseed Oil Assistance Program and the other market development and export credit programs will be more important than ever under the GATT's new trade rules. **[Plains Cotton Growers, Inc.]**

- Texas has developed a new fruit—Ruby Red Grapefruit—and we are interested in moving the product overseas. We would like to see some money used for the Market Promotion Program (MPP) which will allow us to promote all of our products overseas. **[Texas Citrus and Vegetable Association]**

- Our meat-type goats, which are at present, included in the meat import law, were removed from the provisions of the GATT. With GATT's assumed passage, this industry—which is the fastest growing animal agriculture industry in Texas today and perhaps the United States—has no protection from foreign imports. Under this pricing structure, we are giving Australia and New Zealand our East and West Coast ethnic markets on a silver platter. **[American Meat Goat Association]**

- Market development and promotion programs have been essential to expanding agricultural markets. While NAFTA and GATT offer new opportunities for American farmers, we won't realize their full potentials without aggressive market development and export assistance programs. **[Arkansas Farm Bureau Federation]**

- The National Cotton Council has agreed to support passage of the GATT implementing legislation currently under consideration by Congress. However, we continue to have concerns about the various programs. The rules governing the GATT accession of the People's Republic of China must require China to make commitments concerning domestic and export subsidies, market access and market transparency similar to other signatory nations. **[Producer Steering Committee of the National Cotton Council]**

- None of our competitors in mohair has a direct government subsidy, but producers do receive assistance from their governments in creating central marketing system designed to support prices. **[Mohair Council of America]**

- Mandated cuts in farm program spending because of GATT is completely contrary to the Administration's repeated assurances to agriculture throughout the negotiations that this would not happen. If GATT is ratified, programs need to be in place to remedy farm income. **[Colorado State ASCS Office]**

- We need continued support of programs promoting democracy, such as Food for Peace and the Export Enhancement Program (EEP). A broader variety of market development programs may be needed as U.S. farmers and food companies try to export more consumer food products. NAFTA and GATT have chartered a generally positive course for U.S. agriculture into the world marketplace. However, while these systems are in the developing stages, we must maintain the stability in the farm economy. The Farm Bill 2000 may be ready for price support programs to be dropped, but that must not be allowed to happen at this critical point in American agriculture. **[Oklahoma State ASCS Office]**

- We support the continuation of the EEP to the extent allowed by GATT and NAFTA, and further maintain that agriculture should not have to pick up the tab for GATT resulting from reduced tariff and import fees. **[Oklahoma State ASC Committee]**

New Uses for Agricultural Commodities

- We should provide adequate funding for the Alternative Agricultural Research and Commercialization (AARC) Center. The AARC Center plays a vital part in creating economic stability and growth by creating new uses that consume greater quantities of agricultural production, while creating new jobs in rural areas that can help prevent the loss of rural capital and human resources. **[Oklahoma Department of Agriculture]**

- New uses in corn and value-added products like ethanol, bio-degradable cornstarch products, and industrial uses for corn products offer more potential for additional markets for corn than GATT and NAFTA. **[American and Texas Corn Growers Associations]**

USDA Reorganization

- We agree that the "one-stop" service concept of the Farm Service Agency is well founded, but consolidation of offices should be approached sensibly. Combining ASCS and FmHA lending functions will offer substantial obstacles. Our experience as community bankers tells us that FSA needs to offer its combined personnel significant training. **[Independent Bankers Association of America]**

- I feel that the streamlining and cost-cutting of SCS and ASCS are timely and that certainly we have some deadwood that needs to be discarded. I hope this can be done without damage to the various programs that these two agencies administer. **[Gaines County (TX) Soil Conservation and Water Board]**

- As a whole, USDA does a very good job carrying out the programs mandated by Congress. We would like to see better coordination between programs so that as often happens a producer will no longer be required to provide the same information time and time again to each and every USDA agency. Another problem is that often a producer is actually misinformed about the eligibility of a practice required by one agency in regards to the requirements under another program, such as SCS requiring wind strips to be planted with the understanding that they could be used as set-aside land, only to find out that ASCS does not consider the wind strips to be eligible because of size or lack of uniformity in the pattern in which they were planted. **[Plains Cotton Improvement Committee]**

- We continue to support the Forest Stewardship Program and the Stewardship Incentive Program. We would like to see all federal cost-share programs placed under NRCS. **[Texas Association of Soil & Water Conservation Districts]**

- While you are cutting the counties' budgets, you are also increasing the work load. **[Brooks County (TX) ASC Committee]**

- Training of our county committees is important. I believe we could give these committee people better tools/skills to help them to become more knowledgeable about reviewing the forms that are filed with requests for payments. We can not afford not to train the committee people to make clear, fair and objective decisions on each case as presented. We also need more training for the county office personnel to administer the programs more wisely. **[Arkansas State ASC Committee]**

Crop Insurance Reform

- We are very supportive of the Crop Insurance Reform Act, as it will help both farmers and bankers to better manage risk. We concur with requiring catastrophic coverage for farm program participation and are hopeful that the Secretary will offer dual-delivery of crop insurance products when the necessary rules are adopted. **[Independent Bankers Association of America]**

- On balance I believe that the crop insurance reform legislation will be good for American agriculture. The most obvious challenge regarding the implementation of the new crop insurance law is one of education and understanding. The biggest challenge will be the cross compliance feature that means if a producer participates in any of the direct support programs, FmHA loans and the CRP program, (s)he will be required to take either catastrophic or uninsured assistance for all crops. **[Texas Citrus Mutual and Texas Vegetable Association]**

- I submit that a significant number of producers will not likely be reached by this new program this first year and many of them who are contacted about the program may not understand it very well. Why will a large number of producers not be reached by this program? (1) Local USDA agencies will have fewer offices and limited personnel; (2) a large number of fruit, vegetable and other specialty crop producers are not accustomed to go to the FSA office and are not required to, except to sign up for this new crop insurance program; and (3) the catastrophic program has very little incentive for the private insurance companies and agents to deliver this program to producers. **[Texas Citrus Mutual and Texas Vegetable Association]**

- The establishment of a specialty crop position within FCIC is an important step to providing equitable treatment between all crops. **[Texas Citrus Mutual and Texas Vegetable Association]**

- Specific recommendations in regards to discretionary choices that FCIC has in implementation of the new crop insurance program:
  (1) No unit division for catastrophic policies for 3 reasons: (a) With only a $50 processing fee, the policy needs to be kept as simple as possible. Unit division can be a very big task and it will be difficult to train people how to do it unless they deal with crop insurance every day; (b) If there is unit division, there will be more losses paid out; and (c) Unit division will take away a lot of incentive for producers to "buy up" and pay a significant premium which will make the program more actuarially sound.

  (2) The size of the trigger area for uninsured disaster should be no smaller than a county. Less than county boundaries should not be used until the list of crops covered by a regular insurance policy is expanded.

  (3) USDA should hold regional meetings to obtain input on the development of new policies. This will be particularly important for specialty crops which have more regional variations in production and marketing practices than most of the traditional crops. USDA should also rely on the commodity groups like Texas Citrus Mutual and the Texas Vegetable Association for input into the new policies.

(4) FCIC needs to approach new policy development and policy review in a more focused manner. The increased importance of new policy development and fine-tuning is because (a) until now the purchase of a crop insurance policy has been voluntary but now it is mandatory, and (b) producers will definitely voice their concerns about policies if they are paying the full premium, but with only a $50 fee they may not let FCIC know about their concerns. Two examples: (i) A breakout in varieties is needed for sugarcane because some varieties are early maturing and others are harvested much later. Sugarcane has a very long harvest season (about 7 months) and the freeze risk varies greatly depending on the harvest date. (ii) The citrus policy would lend itself to a pilot project using per acre coverage as provided for under the reform bill.

(5) FCIC must be aware of the earliness of planting here in South Texas compared to most other places in the United States. Our concern is that details of the reform program are not going to be available soon enough for producers in South Texas to have a chance to make an intelligent decision about which insurance option they need to take. **[Texas Citrus Mutual and Texas Vegetable Association]**

- I have some concerns regarding what I understand about the new CAT policy. I think the sales closing date for all levels of Multi-Peril Crop Insurance (MPCI) should be extended to March 15, 1995 (the sales closing date for '95 fall crops). Using the October 31, 1994, sales closing date as the deadline for any buy-ups is not giving the producer an opportunity to learn what the total program is. Unit designations should not be allowed in the CAT policy. If unit division is allowed, it will undermine the viability of the regular MPCI program. I feel like the existing Transitional Yield Factors should be used for producers that participate in the CAT program as well as the regular MPCI program. The spring sales closing date should not be changed for April 15, 1995. **[Don Tardy Real Estate & Insurance]**

- Small farmers and non-program crop producers (especially vegetables) do not like past crop insurance and neither do they like what they have heard about new proposals. I would recommend a disaster program administered through the elected County Committee system. Let producers prove yields up to 125 percent of state yield. Only the first 25 percent of normal production should be covered under the program. Average market prices need to be set on a more local basis, such as by county, with adjoining counties within 120 percent of each other and none to exceed 150 percent of the state average price. The programs should be operated to reimburse farmers for losses occurred and not a profit. Farmers who attempt to farm programs should have their yields reduced by local Committees to correspond to their farming methods. [Cherokee County (TX) Vegetable Growers Association]

- We recommend that the producer be able to buy-up to 100 percent coverage with 100 percent price coverage. [Oklahoma State ASCS Office]

- There needs to be better procedures for the verification of planted acreage and historical yields for specialty crops for purposes of participation in disaster programs. The new insurance program will certainly help us in this area. **[Arkansas State ASC Committee]**

Funding for Agricultural Programs

- We are concerned about the budget deficits that continue to add to an ever-growing national debt and believe that most farmers are willing to absorb their share of the sacrifice necessary to deal with this problem. However, farmers took a 15-percent reduction in eligible payment acres in the 1990 Farm Bill and we have yet to see that kind of reduction made in other government programs. With such a small share of the budget (less than 1 percent), total elimination of farm programs would hardly be noticeable in terms of deficit reduction; however, the effect on rural America would be devastating. We believe that every effort should be made to maintain funding for farm programs at levels approaching those of the present. **[Oklahoma State ASC Committee]**

- With money lacking for social problems such as crime, poverty, unemployment, etc., we must do a better job of educating the American public as to why funding for agriculture is merited among these other pressing needs. Our very food supply is dependent on it—a food supply that is the most dependable, varied, lowest cost and safest on earth. **[Oklahoma State ASC Committee]**

Agricultural Research

- We favor increasing research funding. Increased research is essential if production agriculture is to develop better methods of producing food at a lower cost per unit. **[Oklahoma Grain and Stocker Producers Association]**

- We need more realistic knowledge and flexibility in our decisionmaking process. Research is the most needed factor for the success of agriculture, economics and the environment. **[Monty V. Niebur, Producer]**

- We would like to see better communication between researchers and producers regarding new techniques for erosion control to make them available for widespread use as quickly as possible. **[Plains Cotton Improvement Committee]**

- Rice farmers are doing everything possible to maintain their productivity, and think that continued research is needed to increase yields. We are close to having varieties that will be resistant to diseases that plague us. **[Louisiana Rice Growers Association]**

Stocks and Storage Policy

- We should have a strategic corn reserve to meet disasters. We must not allow USDA officials to decide to empty the reserves to lower prices. **[American and Texas Corn Growers Associations]**

The Peanut Program

- The time has come for further changes in the peanut program. Needed changes include a reduction in the loan rate and permission for the sale or lease of poundage quotas across county lines. Continuing increases in the peanut loan rate have caused consumer demand to shrink. Because of the prohibition on sale or lease of poundage quotas across county lines, peanuts are grown on the same land as a generation ago, while new and efficient growers are for the most part excluded from program participation. **[J.O. Jackson, Producer]**

- The growing of peanut quota is now restricted primarily to counties in which peanuts were grown 50 or more years ago. As a result, in some of the historical growing areas the land is no longer suitable for quality peanut production. This monoculture has also reduced yields. **[J.O. Jackson, Producer]**

- We need to keep the peanut program in its basic form with a few modifications for the future. The change I propose is the lease and sale of peanut quota across county lines. If farmers were allowed to move quota, this would assure that all quota would be grown each year providing shellers and manufacturers with a stable supply of peanuts. **[Ted Higgenbottom, Producer]**

- Traditional quota peanut producers do not believe that a reduction of the quota price of peanuts will result in the reduction of the price of peanut products to the consumers. Therefore, we are strongly opposed to a reduction of the quota price. We also are opposed to across-county-line quota transfers, but are of the opinion that this position will have to be modified to maintain a peanut program. We believe that there should be some kind of factor used which would prevent the major portion of the quota from leaving a county in too short of time. **[Clifton Stacy, Producer]**

- Traditional quota peanut producers believe that the production of peanuts for export by contract is a very important part of the program, but that there may need to be some adjustment of the regulations which would result in the reduction of cost of production to additional contract producers. **[Clifton Stacy, Producer]**

- The U.S must be prepared to compete in global competition. To do this, we must provide encouragement for our more efficient farmers. The current peanut program offers almost nothing to efficient growers. We must move from a subsidy-dependent industry to one that encourages and rewards those who are less reliant on government subsidies and controls. The quota program is more trouble than it is worth. **[Kent Hilburn, Producer]**

- The Peanut Program is absolutely imperative to this area. Peanut farms are family operations—they aren't big business. Across the nation, the average peanut farm is 49 acres. There is almost no competition among buyers of farmers peanuts; today three shelling companies (the first purchasers) control 95 percent of the market. And a very few multi-million-dollar international corporations control 75 percent of the peanut product market. In this type of marketing situation, the family farmer is almost helpless without some type of market stabilization through a government program. **[Southwestern Peanut Growers Association]**

- Peanuts are the major crop in our county and the surrounding area. If we lose our price supports and export protection, you are going to see the economy of a lot of small towns across the southern part of our country go down the tubes. **[Concerned Bryan County (OK) Farmers and Ranchers]**

The Dairy Program

- As we look at specific program or policy recommendations that will fit within these limits or realities, AMPI has worked with the National Milk Producers Federation and other groups in the development of a Dairy Self-Help Program which we feel responds to the budget reality, is GATT-legal, and can help to address the needs of dairy farmers. This combination of government/industry action can serve to stabilize prices and prevent small periodic surpluses from depressing prices. As a final safeguard, there needs to be a standby production adjustment mechanism that would place the burden of excess production on those continuing to expand at a pace not needed by the market. **[Associated Milk Producers, Inc.]**

- The Dairy Export Incentive Program (DEIP) was designed to assist the U.S. dairy industry to meet competition from subsidized exports and other forms of government sanctioned competition in the world market. It has been an essential market development tool and a major factor in bolstering farm income and controlling government costs. DEIP is needed as part of the continuing need to maintain farm income, as an integral part of a government-industry effort to address the world market for dairy products on an even footing with other dairy producing nations, and as part of the overall effort to control government costs. **[Associated Milk Producers, Inc.]**

- There must be a way to make a living from the dairy, but I don't see it in the future. With a lot of industries and people getting a cost-of-living increase, the dairyman ought to be able to get one also. All of agriculture and the communities they do business with are slowly going broke, while you are implementing a cheap food policy. **[Will Paul Wright, III, Producer]**

- Dairy producers from Wisconsin to Texas are in serious trouble, made worse by a system that needs a complete overhaul. I fully understand that we are going into a world market; supply management programs and support prices will not work. Talking about supply management programs and support prices is simply a waste of time. For us to be able to compete in GATT and NAFTA, we have to be able to cut our input costs, and to be able to ship into these foreign markets. **[Marvin Gregory, Producer]**

- In the 1995 Farm Bill legislation, Mid-Am dairy farmers will ask Congress for a new approach to stabilizing farm milk prices and dairy farm incomes. Through creation of a dairy export marketing board and an associated price pooling system, all producers can share returns from both the domestic and international markets. This direction has become necessary because of NAFTA and the proposed GATT agreement. A market orientation policy stressing export growth provides the US dairy industry with the most viable option for improving milk prices and dairy farm incomes. **[Mid-America Dairymen, Inc.]**

The Sugar Program

- There are some general concerns about the operation of the current program: First, we absolutely need a sugar program because the world dump market will continue to be unreliable and highly volatile for the foreseeable future. Second, the loan rate of 18 cents per pound for raw sugar has been in place now for 10 years, and must continue at least at that level in the 1995 Farm Bill. Third, refined sugar prices have been severely depressed ever since 1990. To resolve this problem, the Administration should keep imports to a minimum, reduce the circumvention of the tariff rate quota by reducing imports of sugar-containing products, and when conditions warrant, impose marketing allotments in an effective and timely manner. We believe the Administration should be very conservative in setting the import quota, because it is always easier to add sugar to the market when prices strengthen than it is to remove sugar from the market when prices are low. Putting marketing allotments on at the beginning of the fiscal year will give

both sellers and buyers comfort that sales and deliveries later in the year will not be disrupted, as is the case when allotments are imposed later in the year. **[Rio Grande Valley Sugar Growers, Inc., and Texas Sugarbeet Growers Association]**

- Low prices have been devastating because it causes beet processors to:
  (1) avoid participation in the program to compete in the depressed marketplace and avoid paying the growers the minimum payment required under the program;

  (2) participate in the program but receive inadequate returns in the marketplace to pay the growers the minimum payment; and (3) participate in the program, withhold sugar from the market, and threaten or actually forfeit sugar to the government. **[Rio Grande Valley Sugar Growers, Inc., and Texas Sugarbeet Growers Association]**

- USDA should also note that sugarbeet growers rely heavily on the minimum payment provisions the program provides as the basis by which they and their bankers arrange operating loans or the financing of capital purchases to produce a crop. All of the growers' costs will have been incurred in the production, harvest and delivery to the processor before his/her processor determines whether to participate in the program. **[Rio Grande Valley Sugar Growers, Inc., and Texas Sugarbeet Growers Association]**

Contract Growers of Agricultural Products

- The bottom line is that individual farmers have no ability to deal with the multinational giants. This problem can be addressed by giving farmers a voice in dealings with handlers and processors. A structure exists today through the Capper-Volstead Act and the Agricultural Fair Practices Act of 1976 through which agricultural producers can join together and speak with a united voice. The shortcoming of this system is that no obligation exists for the bargaining process. **[National Contract Poultry Growers Association]**

- Establishing a mutual obligation for good faith bargaining between producers and handlers of agricultural products can be accomplished by enacting legislation such as that introduced by Congressman Leon Panetta in the 96th Congress as H.R. 3535, "National Agricultural Bargaining Act of 1979." Enactment of this legislation will have many positive economic effects, such as: increased net farm income for many different farmers; reduced federal outlays for agricultural price supports; reduced federal overhead costs to administer programs; reduced federal costs on conservation/environmental programs on farms; reduced federal costs on preventing unfair trade practices; increased tax revenue from higher farm income; increased tax revenue from farm supported communities; and substantial deficit reduction from combinations of the above. Social benefits include: create stability in family farming; maintain rural community viability; and produce national moral fiber through values instilled by rural Americans. **[National Contract Poultry Growers Association]**

- We have considerable evidence that the vertical integrator type of farming is causing much hardship on the small family farmer and to the communities in which they operate. I support the suggestions made by the National Contract Poultry Growers Association: (1) Amendments to the Packers and Stockyards Act of 1921; (2) The enactment of the National Agricultural Bargaining Act; and (3) Corrections to the FmHA policy of loaning money to put farmers into contract livestock farming business only to sell them out a few year down the road. This could be stopped by requiring integrators to give contracts which would cover the term of the loan and require that contract to have a minimum payment which would be set at a level that the farmer could support his/her farm and family without having to work two other jobs to make ends meet. **[Barton P. Easter, Contract Poultry Farmer]**

The Wool and Mohair Program

- The sheep industry depended heavily on the Wool Act, and now we come to USDA to request your support to help us mold a program which will be the same both in structure and fairness as other current commodity programs. Texas A&M has researched our problem and suggests a nonrecourse or marketing loan program combined with the target price program, to compensate against foreign imports and international industries which dominate the world wool market. A national program which stabilizes the domestic industry would greatly benefit producers in securing agriculture credit. **[Texas Sheep & Goat Raisers Association]**

- The wool program does not cost the American taxpayer a dime. Why not reinstate the Wool Incentive Program as a revolving account similar to that for sugar? **[Colorado State ASC Committee]**

- Dumping the Wool and Mohair Act sounded good but was a mistake. If we sheep producers go down, we will take a lot of other people with us. The wool and mohair incentive programs are no net cost to the taxpayer. The programs have a dedicated funding source through tariffs on imported wool and wool products. Importers pay for the program. Not one tax dollar goes to program participants. Sheep producers have and are always working very hard to improve the quality of the product, not quantity. Wouldn't you agree that this is what government programs should be about? Improving this country? **[Colorado State ASC Committee]**

Meat Inspection

- Cattlemen strongly support a science-based meat and poultry inspection system implemented through USDA. Congress must realize that we cannot eliminate all risks, and must also balance risk reduction with the benefits to be achieved. **[Texas Cattle Feeders Association]**

Grazing Fees

- We are getting squeezed by the Bureau of Land Management, which wants to raise grazing fees. Twenty percent of all calves finished in feedlots and fifty percent of marketable lambs come from the users of public lands. We are all primarily small, low-budget, family-owned ranchers and farmers. We are not opposed to grazing fees. We know that grazing fees are one of the tools that help the well-being of our ecosystem. However, grazing fees need to be based on the ecological carrying capacity of the land. The best land management will occur when all people and the federal government work together to ensure a good economy on which the community, county and state depend. **[Colorado State ASC Committee]**

USDA Farm Income Estimates

- In 1986, USDA reported net farm income as a positive $38 billion, while IRS reported a negative income of $6 billion. IRS and USDA report farm income differently. No business can operate with the exclusions that USDA has in its income figures. I want all businesses in the United States to operate on the same exclusions, or none. **[American Agricultural Movement]**

Miscellaneous Policy Issues

- In the future, please include more agriculture owners and operators in all hearings and communications rather than representatives from organizations and special interest groups. We cannot get concrete, accurate information without input from individuals actually involved. **[Monty V. Niebur, Producer]**

Summary of Presentations and Submitted Papers

Panel 1 — Commodity Programs

Charles W. Anderson, Assistant Commissioner, Oklahoma Department of Agriculture

Interdependence between production agriculture and rural economies has weakened over the past 40 years and agricultural policy and rural development policy are no longer synonymous. Inadequate returns on investments, inability to meet the costs of financing, and the decline in real farm value of agricultural commodities throughout the 1980s and 1990s resulted in major declines in farm and ranch income and an inability to support existing infrastructures. An ever-accelerating loss of public funds is putting greater demands on local resources. It is apparent that declining rural economies affect farm and ranch families who rely on local support industries. An adequate basic infrastructure to maintain a healthy, growing economy capable of attracting and keeping new investment in rural communities includes access to the following: affordable investment capital, quality education, quality health care, modern communication and information networks, modern transportation facilities (including roads and bridges), water and waste water infrastructures, and, markets (both international and domestic). To offset increased production costs, capture a greater share of the food dollar and be competitive in the domestic and international marketplace, producers must continually look for ways to enhance product profitability and marketability. Enhancing market linkages and expanding into value-added markets provides increased profitability to producers and new job opportunities in rural communities. Rural development programs must have a strong grassroots focus and control. Some of the shortcomings of rural economic development policy in rural America are:
(1) Rural communities need to attract human capital in the form of leaders who can help find ways to overcome the lack

of financial equity needed to create or enhance existing infrastructures critical to maintaining and attracting business investment;

(2) Rural communities need "how to" as well as fiscal assistance in initiating comprehensive assessments or inventories of current and potential resources;

(3) Rural communities are losing both human resources and the ability to support existing business and infrastructures due to diminishing population base with increasing numbers of older citizens;

(4) Rural communities lack the economic base to support or attract new development of quality educational and medical institutions;

(5) Rural young people are often required to leave their communities for advanced education and job-skill training;

(6) Rural businesses lack incentives to locate and remain in rural areas when expansion and relocation is necessary to remain competitive; and,

(7) The coordination and collaboration must be improved among federal, state and private funding programs and agencies. Suggested solutions to the situations faced by farmers, ranchers and rural residents in the United States are:
(1) The 1995 Farm Bill should provide adequate funding for the Alternative Agricultural Research and Commercialization (AARC) Center. The AARC Center is designed to generate new industrial market demands for farm and forestry products.

(2) The 1995 Farm Bill should provide that the national strategy for rural economic development include federal investment tax credits for targeted job creation and job retraining programs administered by states. States should have the authority to designate areas eligible for investment tax credits based on specific human resource development needs to achieve specific rural development goals.

(3) The Farm Credit System should be given authority to finance value-added enterprises that may be on-farm or off-farm investments. The System should also have the opportunity to design and implement a beginning farmer program. The Federal Aggie Bond program is important to beginning farmers in facilitating land transfers between an aging farm population and those individuals wishing to become involved in production agriculture.

(4) The Rural Development Authority (RDA) should be allowed to issue guarantees on commercially viable rural projects in the early stages of project development, instead of after a facility is constructed.

(5) FmHA should focus on its original mission of assistance to beginning and limited resource farmers and ranchers and use a strict graduation process.

(6) The 1995 Farm Bill should direct the Secretary of Agriculture to create a Rural Development Block Grant Program which will be administered through the state departments of agriculture. This program should provide funding for agriculture-related business development and job creation, including feasibility studies, technical assistance, research and technological development assistance, cooperative organizational assistance, and leadership development.

Carl King, Chairman of the Board, American Corn Growers Association, and President, Texas Corn Growers Association

Farm income is the most important issue to be addressed in the 1995 Farm Bill. Farmers will judge the success of this farm bill on what happens to farm income. We support the continuation of the CRP. We must control production with an effective supply management program. We need to take the politics out of setting ARPs. We need to put in place a formula tied to carryover stocks that will mandate ARPs if we have excessive stocks. We should tie set-asides to the crop report. Raising the loan rate, together with supply management, will allow us to get their money out of the market place and allow us to get our money out of the marketplace and allow us to forfeit other subsidies. The price of commodities for the next decade will be the key to the future of rural America. Trade has been a driving force of the agricultural debate for the past 20 years. Increased trade of U.S. corn to Mexico is a sham perpetrated in the name of free trade. Mexico had a 3-million-metric-ton surplus of corn last year. Our trade policy must be fair to both us and our trading partners. The dumping of cheap U.S. corn into Mexico to further erode their price structure is an injustice that must not be allowed to happen. We feel the GATT treaty will mean less dollars in farmers' pockets and will give the agriculture committees less say in writing agriculture policy. New uses in corn and value-added products like ethanol, bio-degradable cornstarch products, and industrial uses for corn products offer more potential for additional markets for corn than GATT and NAFTA. We should have a strategic corn reserve to meet disasters. We must not allow USDA officials to decide to empty the reserves to lower prices. We need to change the formula used to figure posted county prices to better reflect local markets. Marketing loans

should be eliminated in future years. Exports are helpful, but are not the answer to prosperity in American agriculture. Exporting at less than the cost of production does not help the farmer. We feel it is a fallacy that raising loan rates adversely affects our exports. Supply management and increased loan rates is the answer. We bitterly oppose the U.S. position on Section 22 commodities. We have many concerns over the phytosanitary, food safety and environmental provisions and feel that separate legislation must be crafted on these particular issues. Maximum flexibility should be allowed on program acres so the farmer can plant what (s)he chooses and still qualify for farm program benefits.

Jack Norman, President, Texas Wheat Producers Association

Despite some weaknesses of the 1990 Farm Bill in assuring farm price protection, it has served to allow strengthened net farm income for most producers. I recommend that the 1990 Farm Bill provisions be extended another 5 years. Now is not the time to introduce totally new commodity program concepts during the uncertainties of GATT implementation. Wheat farmers, unlike many other agricultural producers, have few planting options other than wheat. Hence, wheat growers do not have the opportunities available to others to make use of planting flexibility. Any increase in flex acres to maintain farm income is opposed. Now that EEP is no longer needed as a trade policy tool, there is a vital role for EEP in developing foreign markets and expanding exports. EEP operations need to be broadened to include all foreign markets and streamlined and funded to increase effectiveness. The CRP has provided significant environmental and economic benefits to both the public and the agricultural sector, and should be continued. We commend the Secretary for permitting producers with contracts expiring in 1995 to extend for one year. We urge that all contracts be extended another five years due to uncertainties of the 1995 farm bill and GATT enabling legislation, and possible lack of markets for increased production from released acreage. It is important that the CRP continue to serve a range of conservation objectives, including soil, wind and water erosion reduction, wildlife habitat enhancement and improved water quality and soil productivity. Some consideration should be given to producers who are having difficulty meeting conservation compliance requirements. In renewing contracts, a variety of water quality practices should also be eligible for inclusion in the program. Wildlife habitat should not be limited to critical habitat for endangered species, but should also include wild game, migratory waterfowl and other wildlife. Funding for CRP extensions is a fundamental question, and it is very important that a budget baseline be established to enable long term reauthorization of the program in the upcoming farm bill.

W. A. "Billy" Guthrie, President, Louisiana Cotton Producers Association

No issue is of more concern to the Louisiana cotton industry than the 1995 Farm Bill. Given our industry's progress under the current program, the rationale for continued support is rather convincing. The current program has been the single most important factor in boosting use of U.S. cotton to its current record levels. If current program provisions and implementation procedures are extended for the life of the 1995 Farm Bill, the domestic market for cotton will continue to expand. Much of the success can be attributed to the marketing loan. The marketing loan program has been responsible for a more than 50 percent increase in cotton use, broad-based improvement in profitability across the cotton growing regions, and the prevention of large scale forfeitures of cotton to the CCC. The primary disadvantage of the marketing loan has been government costs. Such costs, however, have occurred to a large extent as a result of subsidies paid by foreign governments to their cotton industries. More than 90 percent of world cotton is produced in non-market economies or with substantial subsidies for production and marketing. U.S. cotton prices are largely determined by world prices. Except for the marketing loan, U.S. cotton would have been priced out of the world market. We believe there is a prevailing misconception that the GATT will reduce the need for agricultural programs in the United States. Nothing could be further from the truth. The U.S. cotton industry under GATT will be far more vulnerable from both raw cotton imports and from cotton content of textile product imports. Also, GATT will not require significant reductions in agricultural spending by foreign competitors. It would be devastating to American agriculture for our government to make unilateral reductions in agricultural spending just when global competition reaches new heights. We oppose any income means test applied to farm program payment eligibility, as well as efforts to reduce program benefits through lowered payment limitations or repeal of the 3-entity rule. Reducing payment limit levels would force more operators outside the program and, thus, reduce program effectiveness in managing production, prices and incomes. Cotton has been the only program commodity to experience a net gain in acreage under the flex acre provisions. Producers in Louisiana are reluctant to support increasing crop flexibility. The producer leadership in Louisiana strongly favor continuation of the basic principals of the current cotton title. Projected cotton program costs are down dra-

matically and use is at record levels. All of this, plus the flexibility of our program to react to changing world conditions, makes for a good success story for cotton.

Panel 2 — Farm Credit

Phil Klutts, President, Oklahoma Farmers Union and Vice President, National Farmers Union

The economic situation in agriculture and rural America is bleak. Economic projections for moderate-sized farms are on a sharp downturn while over 40,000 farmers are on the brink of economic collapse due to reduction in farm income in the last year alone. The 1995 Farm Bill must embody changes that work for family farmers, rural businesses, cooperatives and other ventures to retain more of the profit in Rural America. For too long, family farmers have gone out of business while the agri-business and processing sectors have strived and profited due to low commodity prices and at the expense of farmers and workers in the local community. In the past, rural economic development policy often has ignored farmers and ranchers and their contributions to revitalizing the rural community and economy. A very positive change for this Administration would be to deliberately include family farmers in the solution to create new and expanded rural economic development. There is a continuing need for sources of credit for family farmers and ranchers. While rural economic conditions are deteriorating, private lending sources are drying up in many parts of the country. Some 25 percent of rural counties are served by only one or two commercial banks, leading to a lack of competition. The need for other sources of credit, namely FmHA, has increased significantly. Since 1984, FmHA has been shifting its farm lending portfolio from direct to guaranteed farm loans. Although guaranteed loans help high-risk borrowers obtain credit from private lenders on better terms, these borrowers have a higher cost of money, stricter loan terms and often greater likelihood of liquidation because of lender policies than do FmHA direct loan borrowers. These impacts along with increased paperwork are among the disincentives for direct loan borrowers to seek guaranteed loans, and for lenders to make them. Guaranteed loan programs have not and cannot become a viable substitute for direct lending, nor can they aid the limited resource borrower for whom FmHA was designed and established. Farming and ranching are highly capital intensive. Agricultural producers must rely heavily on borrowed funds. The federal government has tight budget constraints, but the trend of declining appropriations for farm operating and ownership loans must be stopped. During the 1960s and 1970s, FmHA has a clear cut mission of helping farmers and rural residents through supervised credit. During the 1980s emphasis shifted to a more conservative, banker-oriented approach to loan making, with more emphasis on the servicing of loans. FmHA field employees hired during the past few years tend to be less sympathetic toward the farming community. In Oklahoma, around 300 loan applications totalling between $20-$25 million cannot be funded because there is no money. Fall planting and cattle buying for winter grazing will soon be over and credit needs during this crucial time for farmers have not been met. FmHA employees should be encouraged to help farmers and work with them in resolving their credit problems, rather than work to find a way not to make loans. USDA should work more diligently toward providing more local FmHA personnel, not less, who believe in the original principles of FmHA programs and want to work with farmer-borrowers. Local FmHA offices should be staffed at such levels of capable, qualified personnel that are able to work with farmer borrowers, have direct knowledge of how and why loans are performing or not performing, make suggestions or recommendations to farmer borrowers and thereby be much more knowledgeable when making servicing decisions which might or might not keep a farm family on the land. We deeply believe that the best way to expand economic growth in Rural America is by returning agriculture to profitability. Agriculture serves as one of our nation's few sources of renewable wealth. NFU urges Congress and the Administration to re-evaluate spending priorities and work to shift or make available additional needed monies for direct lending to our nation's agricultural producers.

Craig D. Shook, President, Texas Cotton Producers, Inc.

Texas Cotton Producers recognize the importance of the national farm program to its grower members, and we support and encourage the continuation of current law in the approaching 1995 Farm Bill. We feel that the present farm legislation provides the necessary tools to maintain price stability, and that it includes invaluable marketing aids. The current legislation is market-oriented, and, as such, provides the necessary impetus to expand our foreign export market opportunities, and allows our products to be competitively priced in the domestic market. If U.S. cotton exports are to expand, we must continue to incorporate such provisions in the farm bill as the marketing loan. This concept allows our growers to increase sales of cotton, rather than to expand carryover stocks. We are concerned that efforts appear to be continuing to reduce government spending for agriculture. Agriculture has already taken more than its fair share of federal budget reductions. Our membership expresses serious concerns in regards to the concept of targeting benefits through means testing, or through reduction of payment limits. Further

restrictions would adversely impact and reduce the effectiveness of the farm program, and would hinder production efficiencies of larger farmer operations. Although farmers recognize a very real need to protect the environment and to preserve native wildlife, we feed it is important that environmental policy decisions should be weighted with a required cost/benefit analysis, and that policy decisions should be based on sound research technology. It is also strongly felt that private property rights should be preserved and respected under the law. When the productive capacity of the land is reduced by government regulation or intervention, when government action restricts the use of private property, or when the value of the land is reduced by such action, the landowner should be awarded just compensation for the loss of production, land value or the use of the land. Only realistic proposals for habitat management in regards to the Endangered Species Act that are based on sound science and common sense should be considered for implementation, and the administration of restrictive land use policy should be voluntary, and should not involve the taking (directly or indirectly) of land from private citizens. Texas cotton growers will continue to act in a spirit of cooperation and goodwill with other industry segments to maintain our farm program.

J. David Williams, Chairman of the Board, Hale County State Bank, Plainview, TX (on behalf of the Independent Bankers Association of America)

Sound farm and fiscal policies, prudent risk management practices and thoughtful and effective rural development programs are essential to not only the survival of commodity banks, but to all rural Americans. We feel it will be very important to maintain current target price support levels to maintain farm income. We would be concerned about raising loan rates because of potential adverse effects in world markets. We would be concerned about any program modifications that would cut farm income and reduce our export competitiveness. We agree that the "one-stop" service concept of the Farm Service Agency is well founded, but consolidation of offices should be approached sensibly. Combining ASCS and FmHA lending functions will offer substantial obstacles. Our experience as community bankers tells us that FSA needs to offer its combined personnel significant training. We are very supportive of the Crop Insurance Reform Act, as it will help both farmers and bankers to better manage risk. We concur with requiring catastrophic coverage for farm program participation and are hopeful that the Secretary will offer dual-delivery of crop insurance products when the necessary rules are adopted. We believe that a strong community banking system that supports local economic development activities should be the cornerstone of national rural development policy. We testified against HR 4129, the Rural Credit and Development Act, introduced by Representative Clayton, because we are concerned about misguided approaches that suggest you can enhance the lives and business opportunities of rural citizens by giving an unfair advantage to one institution, the Farm Credit System (FCS), over another institution, namely community banks. Unfortunately, there are some who are buying the line that we need "more" credit in rural America. There may indeed be greater demand for subsidized and guaranteed loans than USDA can provide under current appropriations levels, but these are not the types of loans that FCS provides. FCS is seeking to compete with commercial banks in rural areas. Their overall farm debt has shrunk 47 percent over the past 10 years, while the share of farm debt by commercial banks grew approximately 12 percent. FCS has not met residential loan needs in markets of 2,500 population which they are currently authorized to serve, yet they are desiring to expand their lending authority to communities of up to 20,000. FCS is a government sponsored enterprise (GSE), granting it certain rights and privileges not accorded to commercial banks, such as favorable tax treatment, exemption from costly regulations, significant cost benefits and direct access to the capital markets at federal agency rates. HR 4129 would expand the system's authority beyond its charter and dangerously shift the system's focus from exclusively serving agriculture into non-farm services and other lending markets traditionally served by commercial banks. Community banks welcome competition, but the FCS is a different animal, which doesn't share the same regulatory oversight, tax and credit obligations of community banks. Some questions to ponder: Why as the FCS's farm debt portfolio declined so dramatically the last 10 years? Why is the System not meeting the residential credit needs in communities of 2,500 or less? How can FCS prevent erosion of service to rural areas and farm borrowers if they provide credit to businesses outside of local communities? What is the level of FCS participation in the FmHA guaranteed lending programs in relation to the number of applications and number of loans granted? Is the System using adequate underwriting standards that ensure its safety and soundness? Would the System be willing to adopt some of the regulatory responsibilities required under the Community Reinvestment Act? Would the System be willing to apply for bank charters and assume the same tax and credit responsibilities that banks shoulder? There are simply too many questions to ask of the System before even considering an ill-advised expansion of their charters to allow them to

unfairly compete with community banks. The one-year extension of CRP contracts that were to have expired September 30, 1995, is welcome news. We feel a commitment needs to be made by the administration in terms of baseline adjustment to ensure the CRP is continued throughout the life of the Farm Bill. Perhaps some modifications are needed to individual contracts to ensure that the program continues to meet conservation and environmental goals. Many landowners have indicated that they would accept a reduction in rental rates to stay in the program, as long as the landowners were permitted to graze livestock or lease grazing rights.

James A. McCarthy, Member, Board of Directors, Farm Credit Bank of Texas

The Farm Credit Bank of Texas is vitally interested in working with Congress to enhance Farm Credit's ability to better serve the needs of agriculture and rural American, and to enhance our borrowers' ability to remain viable. There is a need for institutional financing in rural areas, such as hospitals, jails and rural medical facilities. This would help both agriculture and everyone else in rural America. Local banks do not want to offer such long-term credit. The Farm Credit System (FCS) supported legislation this year to provide more credit alternatives for rural development. HR 4129 failed to pass in the 103rd Congress, but we hope many of the same financing opportunities proposed in that legislation will be reconsidered as part of the 1995 Farm Bill. A recent USDA report noted that some 25 percent of rural counties are served by only 1 or 2 commercial banks. The report concluded that if inefficiencies exist in rural credit markets, expanding FCS' lending authority could significantly enhance rural and national economic growth. Congress has granted FCS 38 expanded authorities since the System's inception in 1917. Of these new authorities, 26 introduced new types of lending. These changes have helped the System keep pace with the changes in rural America, have been handled prudently and professionally, and have benefited the American farmer and rural America. There are some provisions that could benefit rural communities even more. By permitting the System to make home loans in communities of not more than 20,000 (the limit is 2,500 now), we would be able to make rural housing loans in an additional 600 counties, parishes, and communities in the 5 states we serve (Alabama, Louisiana, Mississippi, New Mexico, and Texas). Another area in which the System could contribute significantly is financing of services for agriculture that are performed off the farm. Only 10 percent of rural America is directly involved in farming, and 80-85 percent of rural income comes from nonfarming sources. Many rural areas today are economically dependent on manufacturing, tourism, or retirement industries, not agriculture. Many of the jobs related to these industries will disappear if adequate infrastructure is not in place to support them. For example, in just one year, from 1990 to 1991, rural manufacturing employment declined in rural areas by 300,000—a number greater than the total number of manufacturing jobs created during the previous 10 years. Current rules limit the Farm Credit System's involvement in agribusiness financing to only those services that are provided "on-the-farm." The System wants to remove the "on the farm" requirement and allow Farm Credit to finance rural businesses that provide farm-related goods and services to farmers. We need to be able to finance value-added industry to enhance the income of agriculture so it is not dependent on government subsidies. Some examples of why such authority would be important: We recently had to turn down a request by owners of a cotton processing facility which needed to buy new equipment to update its cotton gin because one of the owners was not a farmer. We could not finance a feed mill that performs services exclusively for local farmers because it provides most of its services at the feed mill instead of on the producer's actual farm. If the Farm Credit System had authority to buy agricultural loans from other lending institutions, particularly commercial banks, there would be more money freed up for community loans. Providing more credit for rural America should be the primary goal of all lending institutions who want to finance agriculture and its related industries. The Farm Credit System need the latitude to finance foreign individuals who have credible investments in the United States. We are not currently permitted by law to finance foreign nationals, which causes severe hardships on our Production Credit Associations and Federal Land Bank Associations along the border with Mexico. Don't, for God's sake and our children and grandchildren's sake, deprive the greatest people on earth, the farmers and ranchers of this great nation, the opportunity to feed the entire world. They can only do this monumental task with dependable credit in all areas.

Ray Prewitt, Valley Ag Insurance Services, Inc., Texas Citrus Mutual, and Texas Vegetable Association

Passage of the crop insurance reform bill was a major farm policy achievement and will forever impact agricultural risk management in America. On balance I believe that the crop insurance reform legislation will be good for American agriculture. The most obvious challenge regarding the implementation of the new crop insurance law is one of education and understanding. The biggest challenge will be the cross compliance feature that means if a producer participates in any of the direct support programs, FmHA loans and the CRP program, (s)he will be required to take either catastrophic or

uninsured assistance for all crops. The big enforcement question is what to do about the row crop producer who does not sign up on time for the required risk protection on a relatively few acres of vegetables. Will (s)he be denied the program benefits on the row crops or will there be extra leniency about the signup requirements for at least this first year? What if a producer suffers a complete crop failure but did not sign up timely, and his/her failure to sign up is not discovered until (s)he comes into the Farm Service Agency to discuss receiving disaster assistance for nonprogram crops. Will (s)he be denied government payments on the program crops as well as being denied any disaster payment? What if a producer does not have to sign up for any USDA program with linkage to crop insurance until the summer of 1995 and the sales closing for one or more of the crops (s)he producers was January 15, 1995? I submit that a significant number of producers will not likely be reached by this new program this first year and many of them who are contacted about the program may not understand it very well. Why will a large number of producers not be reached by this program? (1) Local USDA agencies will have fewer offices and limited personnel; (2) a large number of fruit, vegetable and other specialty crop producers are not accustomed to going to the FSA office and are not required to, except to sign up for this new crop insurance program; and (3) the catastrophic program has very little incentive for the private insurance companies and agents to deliver this program to producers. I have a major concern that producers will not fully understand the coverage they have under the disaster assistance or the catastrophic coverage. FSA can only sign people up for catastrophic coverage or disaster assistance. Two important limitations of both of these coverages must be clearly explained: (1) the total amount of coverage is about 30 percent of the value of the crop; and (2) the lack of unit division under these two types of coverage means that a producer can be totally wiped out on one or more farms and not receive any payment of losses for the rest of the operation. The establishment of a specialty crop position within FCIC is an important step to providing equitable treatment between all crops. Specific recommendations in regards to discretionary choices that FCIC has in implementation of the new crop insurance program: (1) No unit division for catastrophic policies for 3 reasons: (a) With only a $50 processing fee, the policy needs to be kept as simple as possible. Unit division can be a very big task and it will be difficult to train people how to do it unless they deal with crop insurance every day; (b) If there is unit division, there will be more losses paid out; and (c) Unit division will take away a lot of incentive for producers to "buy up" and pay a significant premium which will make the program more actuarially sound. (2) The size of the trigger area for uninsured disaster should be no smaller than a county. Less than county boundaries should not be used until the list of crops covered by a regular insurance policy is expanded. (3) USDA should hold regional meetings to obtain input on the development of new policies. This will be particularly important for specialty crops which have more regional variations in production and marketing practices than most of the traditional crops. USDA should also rely on the commodity groups like Texas Citrus Mutual and the Texas Vegetable Association for input into the new policies. (4) FCIC needs to approach new policy development and policy review in a more focused manner. The increased importance of new policy development and fine tuning is because (a) until now the purchase of a crop insurance policy has been voluntary but now it is mandatory, and (b) producers will definitely voice their concerns about policies if they are paying the full premium, but will only a $50 fee they may not let FCIC know about their concerns. Two examples: (i) A breakout in varieties is needed for sugarcane because some varieties are early maturing and others are harvested much later. Sugarcane has a very long harvest season (about 7 months) and the freeze risk varies greatly depending on the harvest date. (ii) The citrus policy would lend itself to a pilot project using per acre coverage as provided for under the reform bill. (4) FCIC must be aware of the earliness of planting here in South Texas compared to most other places in the United States. Our concern is that details of the reform program are not going to be available soon enough for producers in South Texas to have a chance to make an intelligent decision about which insurance option they need to take. In conclusion, we know that it will take time to work the kinks out of this new program and we pledge to offer our support in doing just that.

Panel 3 — Commodity Programs

Lyman Knapp, President, Oklahoma Headquarters, American Agricultural Movement

The goals of the American Agricultural Movement are:
(1) 100% parity for all domestic and foreign used or consumed agricultural products.

(2) All agricultural products produced for national or international feed reserve shall be contracted at 100% parity.

(3) Creation of an entity or structure composed of agricultural producers to devise and approve policies that affect agriculture.

(4) Imports of all agricultural products which are domestically produced must be stopped until 100% parity is reached, thereafter imports must be limited to the amount that the American producers cannot supply.

(5) All announcements pertaining to any agricultural producing cycle shall be made far enough in advance that the producer will have adequate time to make needed adjustments in his/her operation. In 1986, USDA reported net farm income as a positive $38 billion, while IRS reported a negative income of $6 billion. IRS and USDA report farm income differently. IRS and USDA figures are developed from two different populations, report some sales of livestock differently, and account for depreciation differently. USDA's net farm income figures include noncash income items that are excluded from IRS's figures. No business can operate with the exclusions that USDA has in its income figures. I want all businesses in the United States to operate on the same exclusions, or none.

Bob Stallman, President, Texas Farm Bureau

We support the efforts of the administration and the House Agriculture Committee in the GATT negotiations and is efforts towards freer trade, but the playing field is still not level when it comes to open markets and access. Any enacting legislation in the GATT treaty should contain strong enforcement procedures to avoid the pitfalls of the recent developments with Canadian imports of wheat. With respect to the 1995 Farm Bill, the 1990 legislation has worked extremely well in terms of responding to international markets, as well as providing a steady domestic supply. The flexibility provided in the Act has allowed producers to adjust to market demand. One concern is the continued reduction in government expenditures on farm programs. Flexibility has brought with it lower program assistance, but there has not be a corresponding decrease in the regulations attached to either that flexibility or the lesser assistance. Any further reduction in program payment assistance will be met with a drastic reduction in program participation by farmers. Either means testing or additional payment limitations will significantly impact producers in Texas more than most states. Most producers in Texas are interested in additional flexibility to meet the demand of the marketplace. However, this should be accomplished without reductions in payment acreage. One possibility is flexibility to plant any program crop a producer feels meets a market need, with producers receiving payment assistance based on their acreage and base history, but develop a base history on actual planted acres using a 5-year moving average. Americans have come to expect more environmental security in the farm bill. Environmental enhancement programs do not assist producer income but are partial payment for a cost to producers. It will be necessary for taxpayers to begin to pay for the additional environmental benefits society is demanding. A comprehensive Environmental Stewardship Incentive program should be developed to accomplish water, soil, and wildlife enhancement that society now desires. Such a program could be structured to operate similar as the current Conservation and Wetlands Reserve Programs, whereby producers submit bids for the protection to be provided. We support continuation of the CRP. Targeting or refocusing the efforts of the program would counter some abuse. In summary, the current farm program is working quite well; steps should be taken to avoid additional budget reductions; and additional flexibility is supported by most farmers. Environmental benefits should be paid for by society if the primary beneficiary is society.

Ron Riley, President, Texas Cotton Ginners' Association

The Cotton Title is the "engine" that drives the U.S. cotton industry. Without an effective act, such as the one we have in place today, our industry will not have the opportunity to thrive and grow. As processors, cotton gins are very dependent on our customers (cotton farmers) producing enough volume of cotton for us to sustain a profit. Likewise, a farmer must have the cotton gin to process his/her commodity into a marketable product. The current Cotton Title of the Farm Bill is designed to make U.S. cotton competitive in the world market. Without marketing loans, U.S. cotton and textile manufacturers would have found it hard to compete in the world market. Our position is that we encourage Congress and the Administration to keep the current Cotton Title of the Farm Bill intact. It makes us competitive in the world market and it will allow us to produce cotton to meet the increasing demand from consumers. In so doing, it creates jobs and fuels the economy on the local and national level. We don't need to have a program that discourages production and competition.

Wayne Labor, Executive Director, Cotton and Grain Producers of the Lower Rio Grand Valley

As we enter this farm bill cycle, I believe that strong trade programs for agriculture are more important than ever. The passage of NAFTA provides us with significant opportunities, but despite a new GATT agreement, the playing field in international agricultural trade will not be level. We need a strong commitment by the U.S. government to help us fight subsidies and unfair competition and take advantage of our opportunities. The U.S. textile industry believes it will benefit from the

passage of NAFTA. U.S. producers have already seen benefits from this agreement as we sold record amounts of cotton to Mexico during 1992 and 1993. However, it appears that the Mexican government is offering increased incentives to Mexican cotton producers. The United States should put Mexico on notice that we oppose subsidy increases that undercut the benefits of this trade agreement to U.S. cotton. The final GATT agreement and the proposed implementing legislation have done much to allay the concerns of the cotton industry. The tariff rate quota allocation established by USDA were very fair and acceptable to us. In addition, the Administration has made a renewed commitment to agricultural trade programs, which have been very well received by the U.S. cotton industry. We will continue to need a strong and effective government/industry partnership. Our concerns with GATT do not stop with agricultural policy. By including a textile rule-of-origin provision in the implementing legislation, the U.S. textile industry has been given the opportunity to prepare itself to meet intense competition when quotas on textile imports are entirely eliminated in 10 years. The post-GATT cotton and trade environment will make an effective cotton program even more important. Very little will truly change in the international agricultural marketplace. Our primary competitors in international cotton markets are developing countries which were granted special treatment and even exemptions from many GATT obligations. GATT will not directly address some unfair trading practices used by our competition. U.S. cotton will continue to need assistance from the U.S. government. It is crucial that the marketing loan be continued, that the U.S. government has the vision to form a partnership with private enterprise in developing international markets and that the U.S. government uses its authority to help producers compete against subsidized competition through programs such as the Market Promotion Program and the Cottonseed Oil Export Assistance Program.

Roger L. Ediger, Past President, Oklahoma Grain and Stocker Producers Association

We believe that the Commodity Program section of the 1990 Farm Act has served this country well during the last 5 years. The target price concept is not a perfect system, but is worth saving for the next 5-year Farm Bill. We recommend, at a minimum, the freezing of both target prices and flex acres and would oppose any further erosion on target payments either by a target price reduction or a flex acre increase. We favor a 0-percent setaside program. When the United States reduces planted acreage, we effectively export our productive capacity to other countries while reducing our capacity to export grain. We also favor the re-enrollment of the CRP at 80 percent of the current contracts. We favor continued funding of the EEP. It would be shortsighted for America to terminate EEPs unless and until we are certain that the trade agreements we desire are in place. We also favor increasing research funding. Increased research is essential if production agriculture is to develop better methods of producing food at a lower cost per unit. We are increasingly concerned that farm program payments, research, and market development funds will continue to decrease at the expense of conservation and environmental programs. America's farmers can be proud of its past record of accomplishments in the area of conservation and the environment. However, anything can be overdone and over-regulated, and we are fearful that this has and will take place. If the Administration and this Congress succumbs to the pressure from environmental groups to place more restrictions on production agriculture, and at the same time continue to reduce farm program benefits, America's producers will face severe economic hardship. We encourage the Administration and Congress to ask the question: What will rural America look like in the next decade and beyond? Will we see production agriculture increasingly strapped by unnecessary and often unfunded federal mandates and at the same time experiencing no growth in the real price of the commodities they produce? Will we continue to see depopulation of rural America? Or, will we see a vibrant agricultural industry prospering in an economic and environmental climate friendly to the production of high quality food at the least cost to the consumer? We believe that the best rural development available is the profitability of production agriculture. We encourage this Administration and this Congress to take a stand for America's farmers and say enough is enough. Farmers have taken their hits and they should take no more.

Panel 4 — Conservation

Monty V. Niebur, Producer, Akron, CO

There is a strong correlation between conservation compliance, conservation reserve, crop flexibility, crop rotation and crop option programs ("Green Payments"). Conservation compliance would be enhanced by allowing crop rotations. The program would need to allow substitute crops without losing base and deficiency payments. Conservation is the goal, but we must not lose sight of the fact that it takes time and money to achieve. Our present rules and regulations have very tight controls and the penalties make up a severe structure. In one example I personally know of, a farmer was found out of compliance because of circumstances beyond his control. He lost several hundred thousand dollars and had to liquidate the farm. The land is now owned by foreign

investors who do not participate in our programs. Is this really serving our purpose? Let the punishment fit the crime. Use only acres involved, not the total farm. We need more realistic knowledge and flexibility in our decisionmaking process. Research is the most needed factor for the success of agriculture, economics and the environment. I would hope that some form of CRP is extended, with perhaps allowing more land in, such as land that can't make compliance, wetlands, etc. CRP is very popular and enjoys widespread support. CRP should be everyone's issue, not just agriculture. Hence, the CRP should be a separate budget item. In the future, please include more agriculture owners and operators in all hearings and communications rather than representatives from organizations and special interest groups. We cannot get concrete, accurate information without input from individuals actually involved. We need to realize that agriculture programs not only benefit the agriculture industry and the environmental communities, but they benefit every American citizen in food costs and an improved environment. My concern is that we do all we possibly can in policy development to ensure the future of primary National resources, our land, our people, and our environment.

Dayton Elam, Gaines County (TX) Soil Conservation and Water Board, Seminole, TX

Gaines County is Texas' largest producer of cotton, peanuts, and oil. The CRP plays a very important part in our economy, with some $6 million in payments on 482 CRP contracts on 165,760 acres. Water is the life-blood of West Texas. CRP has the most important place in conservation of water and soil erosion. If half of the county's CRP land goes back into irrigated production, the Ogallala aquifer would likely be pumped dry. Soil loss during the early 1950s was around 145 tons/acre. With CRP in effect for 7 or 8 years, soil loss has been cut to 5 tons/acre. When planning for a new farm program, you have to look back and see the good that the programs have done in the past. It is impossible to farm in our area without government programs that aid farmers. Soil conservation programs have to be paid for. Farmers and land owners cannot afford environmental programs and soil-saving programs without government aid. I hate to see the 1995 farm program curtailed by a few environmentalist who actually don't have to feed and clothe the world and don't understand soil management. Farmers and ranchers of today know pretty well how to handle their land. We must continue to respect the private ownership of land. I feel that the streamlining and cost-cutting of SCS and ASCS are timely and that certainly we have some deadwood that needs to be discarded. I hope this can be done without damage to the various programs that these two agencies administer.

Merle Mitchell, Chairman, Plains Cotton Improvement Committee

Conservation compliance is the biggest issue we deal with in regards to the current farm program. I would encourage you to continue in the 1995 Farm Bill the market-oriented programs we now have for cotton so we can continue to take advantage of the level playing field it provides. Understanding the merits of preventing wind and water erosion comes naturally to us on the High Plains. Failing to do so is the difference between making or missing a crop. Erosion, primarily wind erosion, is the single biggest problem producers in this area face year-in and year-out. Decades of trial and error have gone into the development of specialized equipment and production practices that are specifically geared toward preventing soil erosion while also conserving our main limiting resource—water. Unfortunately, many of the conservation plans currently being implemented, or already in place, call for the use of techniques that were developed in other places and do not necessarily work like they should. Some examples that do not always work as anticipated are interseeding and wind strips required to be left standing throughout the year. There is no guarantee that enough soil moisture will be available to even get the interseeded crop off to a good start or to provide adequate cover. The rules don't allow much leeway for producers who are trying to conserve soil moisture. "Plow-up" dates also prohibit a producer from entering his/her field to do necessary land preparation activities in a timely manner. Research has shown that delayed planting results in reduced yields. Another major problem is the inability to implement cultural practices that have proven successful for decades as ways to preserve moisture and reduce erosion, such as plowing or deep-breaking. Solving the problems that confront us is not impossible and working together I am confident that workable, economically feasible solutions can be developed. Suggested changes would be:
(1) work more closely with producers to develop or modify plans to address the erosion issue in a more individualized manner;

(2) USDA employees at the county level should be given even more flexibility in developing local solutions that take into account not only the producer's financial situation but also draw from both new technologies and those which have been tested over time and proven successful in that area; and

(3) all parties should work harder for a return to the less confrontational working relationship that existed when producers were able to voluntarily seek the help of the SCS to develop control strategies for their farms. As a whole, USDA does a very good job carrying out the programs mandated by

Congress. We would like to see better coordination between programs so that as often happens a producer will no longer be required to provide the same information time and time again to each and every USDA agency. Another problem is that often a producer is actually misinformed about the eligibility of a practice required by one agency in regards to the requirements under another program, such as SCS requiring wind strips to be planted with the understanding that they could be used as set-aside land, only to find out that ASCS does not consider the wind strips to be eligible because of size or lack of uniformity in the pattern in which they were planted. We would like to see better communication between researchers and producers regarding new techniques for erosion control to make them available for widespread use as quickly as possible. A cost/benefit analysis should be done on new regulations and/or program requirements to make sure the burden placed on individual producers does not have an adverse effect on their economic viability. Finally, I would like to put in a word for the continuation of the Conservation Reserve Program (CRP). The CRP has been a model program for the reduction of soil erosion on the High Plains. A future CRP should allow changes in specific acres enrolled so that highly erodible land could be kept out of production. Also, the county totals should be kept about the same as now.

Richard McDonald, Executive Vice President, Texas Cattle Feeders Association (TCFA)

TCFA represents the cattle feeding industry in Texas, Oklahoma, and New Mexico, an area that in 1994 will market about 25 percent of all fed cattle produced in the United States. Key areas I want to address regarding reauthorization of the Farm Bill include:
(1) The erosion of property rights continues to be a serious concern of U.S. agriculture. I urge Congress and USDA to be proactive in protecting property rights. Why not challenge the restrictions placed on American agriculture by the Endangered Species Act, National Biological Survey, and other legislative or regulatory programs?

(2) Agriculture and other industries are choking under the weight of regulatory programs—especially over-zealous environmental regulations. Incentive-based programs, rather that regulatory mandates, have proven effective in many areas of agricultural policy. "Green" payments could greatly encourage and enhance producer participation in best management and cultural practices that conserve and protect natural resources. Congress should seriously consider implementing incentives to encourage farmers to use more natural fertilizers such as animal wastes.

(3) Cattlemen strongly support a science-based meat and poultry inspection system implemented through USDA. Congress must realize that we cannot eliminate all risks, and must also balance risk reduction with the benefits to be achieved.

(4) Livestock producers—the largest sector of U.S. agriculture—have long believed in reliance on market forces and prefer less government intervention in agriculture. Congress should avoid budget-driven temptations to control crop supplies through increased supply control and higher loan rates. Artificially inflated grain prices will seriously damage cattlemen—the largest customer for U.S. feedgrains. I strongly urge Congress to design commodity programs so that the impact of one commodity program on other commodities are minimized.

(5) I urge Congress to recognize the importance of value-added commodities, such as beef, to the nation's economy during development of international trade programs within the 1995 Farm Bill. The structure, funding and implementation of export credit guarantee programs and market promotion programs should reflect the importance of meat-product exports to our balance of trade and domestic economy.

(6) The CRP has achieved the identified goals for crop producers of reducing soil erosion, curbing production, and enhancing farm income. The disposition of land enrolled in the CRP upon contract expiration is of great concern to the livestock sector. Options for future use of CRP land include: (a) allow the program to expire without direction about end use; (b) extend the program to keep land out of crop or livestock production for another 5-10 years; (c) allow CRP land to return to its previous use of crop production—but not livestock production. Land use for "new" cattle production will result in increased beef supplies, lower prices, and reduced profitability or increased losses for cattlemen.

Don Swann, President, Texas Association of Soil & Water Conservation Districts

The Association supports efforts to provide technical assistance for conservation practices to the districts in a timely and efficient manner. Also, we believe that a proactive approach to conservation should be implemented. Not only should rural Texans be made aware of natural resource issues, but urban and suburban Americans should be educated on their effect on our natural resources. We need to refocus the nation's conservation and natural resources management programs. In addition to the compliance-based approaches of current farm programs, we need to develop an incentives-based program that recognizes and rewards good stewardship practices. Natural

resource problems are universal, but they are not evenly distributed across the country. Another area of concern is the rising number of unfunded federal mandates to the entities who provide technical service and support to the soil and water conservation districts. Currently, less than 1.5 percent of the federal budget is devoted to natural resource protection and management. If the federal government expects its mandates to be fulfilled, it should provide funding and personnel. The 1995 Farm Bill should address the importance of private property rights. Natural Resource Conservation Service (NRCS) employees should not be used to fulfill another agencies' agenda that may infringe on private property rights. The CRP is a valuable program that should be extended. The most sensitive lands should remain protected as part of the 1995 program. Eligibility rules should be tightened to ensure the most sensitive lands can remain protected while less sensitive lands—some of which should never have been in the CRP—can return to production under an approved conservation system. We continue to support the Forest Stewardship Program and the Stewardship Incentive Program. We would like to see all federal cost-share programs placed under NRCS. The 1995 Farm Bill also needs to offer new opportunities to focus public investment in agriculture and the environment in a more positive light through the use of incentives that reward farmers and ranchers for good stewardship of our natural resources. Commodity subsidy programs need to reflect more adequately production costs. Subsidy amount limitations should be based on production averages per acre for the eligible crop and not on the person or entity which produces the crop. We realize that one conservation practice cannot fit all. We believe that if a practice is approved by the NRCS and the local soil and water conservation district board and it takes land out of crop production, it should be eligible for set-aside. We believe this would be a good incentive program to help stop wind and water erosion, and we would like to see this implemented in the 1995 Farm Bill.

Panel 5 — Commodity Programs

Frank Jones, President, Plains Cotton Growers, Inc.

In general, Texas cotton producers are united in their support for the market-oriented programs initiated by the 1985 Farm Act and continued in the 1990 Farm Act. It is fair to say that the program has been extremely successful in achieving the goals of improving on-farm profitability and leveling the field for U.S. agricultural products in domestic and world markets. To illustrate the success of these programs, prior to 1985, average annual domestic and export use of cotton was a meager 11.25 million bales, resulting from the supply-oriented policies of the 1981 Farm Act. Nine years after the adoption of a market-oriented, marketing loan-based program in 1985, overall average domestic and export use of cotton now is 16.7 million bales. Market trends continue to point toward increased demand for cotton and cotton products domestically and worldwide. The success of U.S. cotton producers in capturing new markets is directly related to the competitiveness provisions of the 1985 and 1990 farm bills and to the successful promotion efforts carried out by Cotton, Inc., under the industry supported Research and Promotion Act of 1966. These impressive gains have come in spite of unforeseen and unprecedented situations in the world marketplace, such as the breakup of the former Soviet Union and the wholesale dumping of tremendous quantities of raw cotton into the world marketplace. The marketing loan mechanisms maintained our ability to stay competitive in the world market and even allowed us to open new markets to U.S. cotton. Unfortunately, this unprecedented experience also caused the cost of the cotton program to increase over one billion dollars in both 1993 and 1994. These were short-term increases and costs are projected to be lower in the future. By continuing this highly successful program structure in the 1995 Farm Bill, the American cotton farmer will be assured the protection of a market-oriented program capable of adjusting itself to provide only as much support as necessary to maintain a viable farm economy and allow American agriculture to compete around the world. We encourage you to fight efforts to restrict program eligibility through the imposition of additional limits on program benefits. We also encourage you to: extend the 10-month nonrecourse loan provisions (with the optional 8-month extension); prevent the increase in unpaid flex acres; oppose the implementation of cross or off-setting compliance provisions; and support the continuation of risk management and commodity promotion programs. Another program of critical interest to this area is the Conservation Reserve Program. We urge you to take into consideration the effects of new regulation and rule-making that would reduce or eliminate a person's right to make use of his or her private property. The erosion of private property rights has especially serious consequences to rural landowners since they are most likely to depend on their ability to make the best use of their property to make a living. Among the challenges facing U.S. agriculture in general and cotton producers in particular will be staying competitive after the implementation of GATT. Continuing the strong market-oriented programs of the 1985 and 1990 farm bills is the best way to stay in the game in the post-GATT world. This is especially true given the elimination of Section 22 import quotas. Programs such as the Export Enhancement Program, the Cottonseed Oil Assistance Program and the other market development and export credit programs will be more important than ever under the GATT's

new trade rules. Many critics of the current farm program, and usually of agriculture in general, fail to recognize the important role our industry plays in the U.S. economy and continue to try and force us to ante more than our fair share to balance the voracious spending habits of the federal government. We encourage you to continue your strong resistance to these unwarranted efforts to reduce agricultural spending.

J.O. Jackson, Producer, Seminole, TX

The peanut program has been in effect since 1941 with essentially three components—price support nonrecourse loans, production controls, and import barriers. Basic characteristics of the program have changed only once since then (in the 1977 farm bill). The time has come for further changes in the program. Needed changes include a reduction in the loan rate and permission for the sale or lease of poundage quotas across county lines. Continuing increases in the peanut loan rate have caused consumer demand to shrink. Because of the prohibition on sale or lease of poundage quotas across county lines, peanuts are grown on the same land as a generation ago, while new and efficient growers are for the most part excluded from program participation. The 1977 farm bill revised the peanut program essentially to its present form—to eliminate acreage allotments (replaced by poundage quotas) and to provide for a two-tiered loan program. Currently, the quota loan rate is $678 per ton, and the loan rate for additional peanuts is $132 per ton. While the support levels for most other crops were cut in the 1985 farm bill, the support rates for quota peanuts continues to increase. Indicators of the failure of the peanut price support program include: Poundage quota has been reduced 13.5 percent over four years, and is now at the statutory minimum; The 1.682 million acres planted in 1994 are almost 18 percent below the acres planted 3 years earlier; Food use of peanuts has fallen 11 percent from its 1989/90 peak; Snack nuts account for less than 10 percent of snack market sales, down from 12.8 percent from 1989/90; and In the last 2 years, the United States has gone from being a new exporter of 12 million pounds of peanut butter to being a new importer of 19 million pounds, a swing of 21 million pounds. The peanut cartel would work only if two conditions were present:

(1) if peanuts were a product that consumers absolutely had to buy and there were no substitutes or alternative products; and

(2) if it were possible to completely seal off the foreign competition in both peanuts and peanut products. Neither condition exists. Foreign competition has intensified with the liberalization of world trade. If manufacturers can purchase and process raw materials at half the U.S. costs in foreign countries, then ship those products to the United States, the economic reality is that they will. This translates into lost jobs in the processing and manufacturing industries and fewer farm jobs as fewer peanuts will be grown in the United States. Unless there can be significant reductions in the price support level of the current government program, one of two things will happen:

(1) the government price support program will die of its own weight, or

(2) the domestic peanut industry will slowly strangle. At double the world price, the domestic price for peanuts has reached the point that it will strangle the entire peanut program. A significant reduction in the quota loan rate would restore the competitiveness of peanuts in the United States food system and allow prices to reflect market forces instead of the loan rate. With less costly ingredients (brought about by lower quota loan rates), manufacturers can reduce average prices to the consumer and invest in the research, product development and market promotion necessary to increase consumer demand. Historically, the quota support rate has been tied to the cost of production of peanuts. However, the quota support rate beginning in 1986 has not always followed the cost of production. If the quota support rate since 1985 had precisely tracked the cost of production, the rate for 1994 would be $592.72 per ton rather than $678.36 per ton. If additional peanuts were used for seed, the estimated cost of production could be lowered by over $70 per ton. Peanut shellers in the United States believe that it is unfair to have to compete with the United States government. Area associations can compete with shellers for farmer stock peanuts through unlimited use of the Commodity Credit Corporation's bank account. Shellers, on the other hand, must satisfy bankers to borrow money and shareholders to stay in business. In 1988 there were 47 peanut shellers in the United States, with only 22 remaining today. The growing of peanut quota is now restricted primarily to counties in which peanuts were grown 50 or more years ago. As a result, in some of the historical growing areas the land is no longer suitable for quality peanut production. This monoculture has also reduced yields. In Texas, counties which have recently gone into the production of additional peanuts yield up to 3,994 pounds per acre, while the yield in the county with the highest basic quota in the State averages 1,407 pounds per acre. If poundage quotas were allowed to be transferred across county lines within a state, it would open quota peanut production to new farmers in other areas, would increase the quality, efficiency and suitability for the market of the peanuts produced, and frankly would hurt no one. To assure that there is no significant economic dislocation, a limit could be put on the amount of quota that could be transferred from a county in any one particular year. It would appear that if the transfer of quota across county lines

were permitted on a voluntary basis, everyone would be a winner. The quota owner would be allowed a broader market to sell or lease his/her quota, peanuts would be grown in the most efficient and suitable areas, new producers would find entry into the market easier, and losses on quota pool peanuts would be eliminated.

Ted Higgenbottom, Producer, Seminole, TX

In 1994, there were about 40,000 acres of peanuts in Gaines County, Texas, with about 75 percent additional and 25 percent quota. Peanuts play a large part in the economy of Gaines County, Texas, as well as adding substantial economic benefits to other areas of Texas and the nation. In my opinion, we need to keep the peanut program in its basic form with a few modifications for the future. The change I propose is the lease and sale of peanut quota across county lines. If farmers were allowed to move quota, this would assure that all quota would be grown each year providing shellers and manufacturers with a stable supply of peanuts. At the present time, some quota is not grown every year in the old traditional growing areas of the state because peanuts are no longer a profitable crop in these areas. By being able to sell their quota pounds competitively, people in traditional growing areas could reduce their debts. Now, their quota is not worth much because there is no demand for more peanut quota to be purchased in their county. Places such as Gaines County could afford to give full value for quota because of our natural growing resources. Shifting to the cotton program, in my opinion, the current cotton program succeeds in meeting its goals. Farmers are able to produce cotton that meets domestic demand and also supplies an increasing export market. The cotton deficiency payment allows the farmer to have a stable flow of income from his cotton farming operation. This helps the farmer, and also helps our rural towns and communities that depend so heavily on the economic health of the cotton industry.

Clifton Stacy, Producer, Pearsall, TX

I want to talk about how important the peanut program is to me as a peanut farmer. I grow quota peanuts for the domestic market. Traditional quota peanut producers do not believe that a reduction of the quota price of peanuts will result in the reduction of the price of peanut products to the consumers. Therefore, we are strongly opposed to a reduction of the quota price. Traditional quota peanut producers are opposed to across county line quota transfers, but are of the opinion that this position will have to be modified to maintain a peanut program. We believe that there should be some kind of factor used which would prevent the major portion of the quota from leaving a county in too short of time. Quota producers are aware that with the NAFTA and GATT agreements in place that the basic quota in the United States will exceed the domestic demand and will need to be reduced to a level which will attempt to maintain a program which will operate at the least cost possible to the U.S. Government. Traditional quota peanut producers believe that the production of peanuts for export by contract is a very important part of the program, but that there may need to be some adjustment of the regulations which would result in the reduction of cost of production to additional contract producers. Peanuts are the economic base of many small towns and communities. Without a viable peanut program many peanut growers will be forced out of business effectively destroying jobs and the tax base of these communities.

Panel 6 — Other Effects of Farm Policy

Paul Condit, President and General Manager, Texas Equipment Company, Inc., Seminole, TX

"Everyone's concerned for the consumer...I'm concerned for the producer." The major crops in this area are cotton and peanuts. We have the best farmers and higher producers in the State of Texas. The farmers have been in a "no-win" situation for several years. The reason that some have been able to survive is because they have other sources of income. We must have a price for commodities in the parity range, if we are to keep paying taxes, buying high priced equipment, keeping jobs for the working people and producing food and fiber for this nation. Let's reward the good farmers and punish the bad ones. We also need loan programs that help keep farmers in business, until the product is ready to sell. Please use some good judgement. You do an injustice making loans people cannot pay back. Perhaps the FmHA could guarantee the loans to the companies instead of the banks, in an effort to speed up the process. John Deere probably has more loans outstanding in this area than do the banks for farm equipment. It takes Farmers Home so long to get the loans approved that the producers don't get their money on time. That means they cannot put the crops in on time. The supply and equipment companies end up giving the credit anyway, so why not let them take on the task outright, giving the guarantees to the companies and cutting out the banks.

Jerry Wazell, Vice President of Governmental Relations, Texas Citrus and Vegetable Association, Harlingen, TX

Texas has developed a new fruit—Ruby Red Grapefruit—and we are interested in moving the product overseas. The Administration has pledged to maintain U.S. agriculture programs allowed under GATT, providing $600 million in additional funding over the next five years for non-trade distorting programs or "green box" items. We would like to see some of this money developed to the Market Promotion Program (MPP) which will allow us to promote all of our products overseas.

Kay Keen, Executive Director, American Meat Goat Association, Metrzon, TX

I only became aware this past Thursday (through contacts with the Foreign Agriculture Service) that confirmed that our meat-type goats, which are at present, included in the meat import law, were removed from the provisions of the GATT. With GATT's assumed passage, this industry—which is the fastest growing animal agriculture industry in Texas today and perhaps the United States—has no protection from foreign imports, specifically those from Australia and New Zealand. At present, Australian goat meat is imported into the U.S. at $0.91 per pound in frozen carcass form, ready for the East and West Coast ethnic markets. In our domestic market, producers need $0.80 per pound live weight to show a reasonable profit. U.S. producers would have to take $0.40 per pound live weight, (not possible with today's production costs) to compete with the Australian price. Under this pricing structure, we are giving Australia and New Zealand our East and West Coast ethnic markets on a silver platter. This will kill us—we're a new industry, and now we have no start-up protection.

Jim Butler, Assistant Vice Chancellor for External Affairs, Texas A&M University System, College Station, TX

According to recent studies by the USDA, American consumers saved $196 billion in 1990 by maintaining their investment in agricultural research, education and extension. Each $1 invested in agricultural research, education and extension returns about $10. Few public or private investments pay a better return. Two factors will pay a significant role in driving the 1995 Farm Bill. First Congress is recognizing that the U.S. deficit must be addressed and that commodity programs may have become counter productive in terms of the people they are expected to serve. Second, new groups with new agendas are playing an increasingly important role in influencing the political agenda for agriculture. These groups include those concerned with the environment and sustainable agricultural development, those concerned with food safety issues, those who use commodities as raw materials and those interested in rural development. These and other changes have combined to create a new agency for agricultural research, education and extension.

Panel 7 — Commodity Programs

Kent Hilburn, Producer, Hobbs, NM

The U.S must be prepared to compete in global competition. To do this, we must provide encouragement for our more efficient farmers. The change will not come easily. First, we must move from a subsidy-dependent industry to one that encourages and rewards those who are less reliant on government subsidies and controls. The current peanut program offers almost nothing to efficient growers. Non-quota producers tend to be much larger and far more productive, but they are supporting the quota program, and getting nothing in return. Elaborate and costly rules and penalties are necessary to keep the two price markets separated. The rules and regulations take away the freedom to market our crops, and guarantee only a below cost of production support rate of $132/ton in return. We are required to market or sell our crops "on contract" before harvest—not to whomever we choose, but to one of only 22 firms in the entire United States who are "licensed" or "approved" handlers. You cannot use your own "additional" peanuts even for seed. You have to buy "quota" seed peanuts, which cost twice as much. The quota program is more trouble than it is worth.

Harvey P. Schneider, Board of Directors and Past President, Southwestern Peanut Growers Association, Pleasenton, TX

The Peanut Program is absolutely imperative to this area. Peanut farms are family operations—they aren't big business. Across the nation, the average peanut farm is 49 acres. Peanuts have to be sold within a few days of harvest; farmers cannot "hold their crop" for a better price; they are completely dependent on the market price at harvest, when the supply is the heaviest. There is almost no competition among buyers of farmers peanuts; today three shelling companies (the first purchasers) control 95 percent of the market. And a very few multi-million dollar international corporations control 75 percent of the peanut product market. In this type of marketing situation, the family farmer is almost helpless without some type of market stabilization through a government program.

Barry Evans, Producer, Kress, TX

The purpose of ASCS is just as the name implies—Agricultural Stabilization and Conservation. In this year of budget cuts, there is talk of allocating program payments to low income farms and phasing out payments, by way of a means test, to farmers with off-farm income or those with farm income that is deemed too high. I wonder why the government would support the most inefficient farms at the expense of the progressive, productive family farms that keep U.S. agriculture the best in the world. With a means test applied to program payments, the Farm Program becomes a welfare program supporting inefficiency. The goal of providing stability in the cost of production of food is lost. A means test will discourage new, young farmers and enterprising farmers from supplementing their income with off-farm jobs, and prevent them from forming new enterprises that are desperately needed in rural communities. Many of the value-added processing businesses that are located in the area were started by local farmers. Their businesses would not be here if local farmers did not put them in. Program payments are such a large part of a farmers' income that they cannot afford the risk of losing the payments; these local businesses could be shut down, and the incentive to start new businesses will be gone. These farmer-owned businesses are crucial to the infrastructure of rural America. Means testing will close them down. Let's not subsidize inefficiency and failure, but rather encourage productivity, efficiency, and success.

Bill Kubecka, Vice President for Legislation, Texas Grain Sorghum Producers, Palacios, TX

The next farm bill needs to NOT introduce more market-distorting price relationships. According to our studies, improved quality and types of grain sorghum are now at least equal to corn in terms of feeding value; in the case of dairy, sorghum's feed value appears to be somewhat better than corn. However, the last Farm Bill set the target price of sorghum at 95% of the corn price. As a result—and without reference to the improved feed value, the market price of sorghum is artificially held below that of corn. Producers in swing areas therefore may take a chance and plant corn, although grain sorghum is a better crop for managing the risk of crop loss due to dry weather, and usually costs less to produce and yields are less affected by dry weather.

Joe Rankin, President, Texas Farmers Union, Waco, TX

The 1985 and 1990 Farm Bills didn't do what our nation needed—develop an economically and environmentally sustainable national farm policy that treats all sectors of the food economy fairly. The approach followed in the last two bills has been to dig too deeply and defiantly in the wrong direction. We've got to stop digging this hole, or family farm agriculture will never recover. What agriculture must have is increased net cash farm income. The Farmer's Union recommends allocation of scarce budget dollars to protect the income of family farms through farm program benefits. Indexing inflation factor for target prices. Higher loan rates, implementation of Target Option Payment program (TOP), continuation of the Cropland Reduction Program (CRP), and continuation of the Acreage Reduction Program that will provide for adequate supply and stocks without creating excess production. Implementation of a paid diversion program can offset any loss from non-participation in the set aside program. The Farmers' Union is adamantly opposed to free trade, decoupling and flex acres.

Panel 8 — Dairy and Commodity Programs

Andrew Whisenhut, President, Arkansas Farm Bureau Federation, Little Rock, AR

It is imperative that we keep site of the goals established in the previous Farm Bills and continue support in that direction. We support a policy that will (1) rely less on government and more on the market; (2) allow farmers to take maximum advantage of market opportunities at home and abroad without government influence; and (3) encourage production decisions based on market demand. We recognize that the present law is not perfect, but think it is as good as can be expected, and its policies and provisions should be extended and refined. For example, market development and promotion programs have been essential to expanding agricultural markets. While NAFTA and GATT offer new opportunities for American farmers, we won't realize their full potentials without aggressive market development and export assistance programs. The Farm Bureau has a clear position on a number of domestic issues. We oppose application to means testing of any programs and hope that ASCS can provide producers with flexible programs. The Farm Bureau is also concerned that historical data indicate that acreage reduction programs have resulted in a loss of market share. We would like to see alternatives to annual set-asides, such as multi-year set-asides designed to achieve conservation/wildlife/ habitat goals, an environmental

TOP (Targeted Option Payment) program, and a flexible CRP program. We need to consider various options for farm policy, and to remain aware of the unique characteristics of the various commodities affected. It is important that farm legislation reflect these differences. It cannot be crafted as a one-size fits all policy. On balance, a simple extension of current farm program provisions is the most prudent action to follow.

Marvin Gregory, Producer, Sulphur Springs, TX

Dairy producers from Wisconsin to Texas are in serious trouble, made worse by a system that needs a complete overhaul. Dairy farmers from Wisconsin to Texas receive basically the same price for milk at the mailbox. Because of marketing complications and competition, in New Mexico we have approximately 100 million pounds of milk a month that we have no home for. It is transported at great cost and at a loss to us all over the United States. I fully understand that we are going into a world market; supply management programs and support prices will not work. Talking about supply management programs and support prices is simply a waste of time. For us to be able to compete in GATT and NAFTA, we have to be able to cut our input costs, and to be able to ship into these foreign markets. We need, in the 1995 Farm Bill, for the people in Washington to recognize the extent of our problems in the rural communities. It's not how many more cows we milk or how many more acres we farm, it comes down to the realization: how do we "cash flow" the rural communities. We have to look at economic development in the 1995 Farm Bill not as a "give away" but as investment, to build infrastructure and jobs that will add to the nations's economy for years to come.

Don Kimbrell, President, American Agriculture Movement of Texas, Inc., Happy, TX

Producers out in the countryside are losing faith in the system. It saddens me to hear these kinds of comments. However, when I consider the volumes of testimony that have been given in the last several years stating that present policy is failing, I have to sympathize with their statements.

J.G. Walker, Member of Corporate Board of Directors, Mid-America Dairymen, Inc., Sulphur Springs, TX

The State of Texas is very important to Mid-America Dairymen, Inc. In Texas alone, there are 336 family dairies who are members of Mid-Am. The annual revenue generated from the milk produced on these farms is over $150,000,000. The total economic impact of these Mid-Am dairy farms is over $1 billion. Consumer prices are up, making the dairy case the most profitable part of the store. Unfortunately, our share, as producers, keeps going down, although grocery store profits seem to be going up. Consumers are paying more. We think that just a little bit of help on the export side, possibly from a dairy export board, would really help. In the 1995 Farm Bill legislation, Mid-Am dairy farmers will ask Congress for a new approach to stabilizing farm milk prices and dairy farm incomes. Through creation of a dairy export marketing board and an associated price pooling system, all producers can share returns from both the domestic and international markets. This direction has become necessary because of NAFTA and the proposed GATT agreement. A market orientation policy stressing export growth provides the US dairy industry with the most viable option for improving milk prices and dairy farm incomes. While US dairy farmers are among the most efficient in the world, the playing field is still not level. By the year 2000, the US will be restricted to a volume of subsidized dairy exports representing no more than 1 percent of present milk production; the same agreement will permit the European Union to subsidize 12 percent of its current production. The American dairy farmer ranks among the most efficient in the world. With the proper tools, such as the dairy export marketing board, the US can become a major player in the world dairy trade.

Rudy Valdez, Colorado State ASCS Committee

Dumping the Wool and Mohair Act sounded good but was a mistake. If we sheep producers go down, we will take a lot of other people with us. For example, we buy pickups, cars, and parts from auto dealers; we buy groceries at food markets, we buy clothing for our families; we buy appliances; we buy feed at feed stores, equipment, fuel, employ labor, and we pay taxes. The wool and mohair incentive programs are no net cost to the taxpayer. The programs have a dedicated funding source through tariffs on imported wool and wool products. Importers pay for the program. Not one tax dollar goes to program participants. Sheep producers have and are always working very hard to improve the quality of the product, not quantity. Wouldn't you agree that this is what government programs should be about? Improving this country? Besides the problem from elimination of the Wool and Mohair Act, we are also getting squeezed by the Bureau of Land Management, which wants to raise grazing fees. As you know, twenty percent of all calves finished in feedlots and fifty percent of marketable lambs come from the users of public lands. We are all primarily small, low-budget, family-owned ranchers and farmers. We are not opposed to grazing fees. We know that grazing fees are one of the tools that help the well-being of our ecosystem. However, grazing fees need to make sense. They

need to be based on the ecological carrying capacity of the land. I believe that grazing fees need to be stable so that we can plan for our family's future. The best land management will occur when all people and the federal government work together to ensure a good economy on which the community, county and state depend. We need to work together to build this economy for the future of our children so that the Western way of life does not die with our generation.

Panel 9 — Commodity Programs

Dwight Hardee, Louisiana Rice Growers Association, Gueydan, LA

We support the extension of the current Farm Bill, and agree that a continuation of the rice provisions of the 1990 Farm Bill is in the best interest of rice producers. As presently structured, it is GATT compatible. We do not want an increase in flex acres. We do want to continue P.L. 480, GSM-102 and EEP programs. Worldwide, since 1989, production has not met consumption needs. The United States ranks fourth in the world in yields per acre. Our yields are 189 percent of the world average; however, even though we are efficient, we cannot compete because of high costs per acre. Only 4 percent of world rice production is traded internationally, but America has 19 percent of the market, putting us second only to Thailand. We cannot produce rice and survive at world market prices. To Louisiana, rice is a quarter BILLION dollar industry. Rice farmers are doing everything possible to maintain their productivity, and think that continued research is needed to increase yields. We are close to having varieties that will be resistant to diseases that plague us. We cannot stand any cuts to the rice program until these needed varieties are available to us to increase our yields on first and second crops. Aside from the financial importance of our crop, keep in mind that rice producers maintain 3 million acres of viable wetlands each year. The cost of this would be prohibitive to government agencies trying to duplicate that effort. Farmers are working to keep pesticide levels as low as possible. Residues are negligible, and well within EPA guidelines. Rice producers use conservation tillage and no-till practices more and more to maintain soil productivity. Rice farming has been compatible with sensitive marshes and natural wetlands. We hope that these facts will point out the importance of and need for continuation of rice provisions of the 1990 Farm Bill.

Gerald Clark, Producer, Edna, TX

I encourage the continuation of the major provisions of the present farm program. I feel that this Program has served US agriculture well. However, I do have some concerns and suggestions for improvement. First, in the event we have to make a choice of budget problems, my number-one priority would be to retain the Target Price for the commodities at their present levels, and even index them for inflation. The present Target Price level far from guarantees us a profit, but it does act as insurance to allow us to get a loan to put in the crop. Lower the Target Price level and this may not be the case. Second, do not reduce the $50,000 Pay Limit or make substantial changes to the Payment Eligibility or "Three Entity" rules. Most family rice farm operations—and I emphasize family and not corporate operations— require the efficiency of at least 400-500 acres of production. Also, I urge that the Market Gain (which results from the CCC Loan repayment at World Market Price, instead of the Loan Rate) not count against the $50,000 Pay Limit. We need more flexibility in what farmers can plant on their total acreage base; therefore I urge that the Total Acreage Base approach, which would simplify many program provisions, be budget neutral, and permit producers to adopt crop rotations and other beneficial practices, without fear of losing base or payments.

Steve Balas, USA Rice Federation and Chairman, Texas Rice Producers' Legislative Group, Eagle Lake, TX

The Federation was established just a month ago to enable the industry to speak with one voice, and my testimony today represents the position of a united rice industry. The Federation supports continuation of the current program. The program is sustaining rice producers in this country. Producers understand the need to reduce costs and are investing large sums of their own money to this end so that they can become even more efficient than they are today, but they need the program as an economic safety net. The general emphasis on programs is as a "safety net" for rice producers, but these benefits have eroded over time. The target price has been reduced; the acres on which payments are made likewise have been cut. Although yields have increased deficiency payments are still based on historical and not current yields. This should be corrected, and the fact that yields have increased should also be factored into the system. Agricultural producers of food and fiber have traditionally been strong conservationists of soil, water, and wildlife. Rice is a crop that is particularly friendly and compatible with the environment.

John Denison, Chairman of the Louisiana Farm Bureau Federation Rice Advisory Committee, and the Louisiana Rice Producers' Group, Eagle Lake, TX

The current Farm Bill—even though it is not perfect— is working fairly well and should be continued, compared to other concepts that are receiving attention, including revenue assurance. We think therefore that the next Farm Bill should be market oriented, to get across the idea that we need a world market to serve. We would like to see attention devoted to improving NET farm income, enhancing the economic opportunity for farmers and preserving property rights. We think that agriculture has already taken its fair share of the budget reduction, and would oppose further reductions. The economic reality is that in three major budget reduction efforts and one omnibus Farm Bill reauthorization, agricultural programs have been cut by more than any other program area. Finally, regarding proposed environmental requirements, taxpayers and consumers must be given a chance to financially support and compensate farmers for environmental improvements that they perceive to be beneficial, but which are not economically feasible for farmers to implement.

Carl Anderson, Professor and Extension Economist for Cotton Marketing, Texas A&M University, College Station, TX

Cash receipts from farm and ranch marketings in Texas are second only to agriculture in California. Because agriculture is one of the major industries in Texas, farmers and ranchers, agribusinesses, agricultural leaders and all Texas have a vested interest in farm policy. Texas is a very big agricultural state, and agriculture one way or another affects every sector of our economy. Texas ranks first in sales of cattle, calves, sheep and wool, goats and mohair, and cotton. One of the most used analyses to reflect potential impact of proposed policy provisions on agriculture is the simulation of income over a period of years for typical farming operations. In general, the cost/price squeeze conditions in agriculture make it evident that economies of size are extremely significant in maintaining economic viability. In most cases, the larger-sized operations appear more economically viable than the medium size farms. Crop farms are generally vulnerable to any actions that cut government support. We believe we can model the effect of changes in farm programs using the data we have already collected, to give us a better idea of the expected effect of any proposed policy changes on agriculture. Agricultural economists at Texas A&M have surveyed 1300 Texas farmers regarding the 1995 Farm Bill. Although survey results are mixed, depending on the size of the operation, results were tabulated and are reported in the September (1994) issue of the Extension Service newsletter "Food and Fiber Economics."

Panel 10 — Commodity Programs

William T. Lovelady, Chairman, Producer Steering Committee of the National Cotton Council, Memphis, TN

I speak not only as the Chairman of the steering committee but as an active producer. I operate a cotton and chili farming operation near El Paso, Texas. Our assessment is that the US agricultural situation has improved under the more market-oriented farm legislation of 1985 and 1990. This positive outcome is primarily the result of a farm program that is working well for US agriculture. We believe, however, that this successful program will face many challenges in the months ahead. The NCC has agreed to support passage of the GATT implementing legislation currently under consideration by Congress. However, we continue to have concerns about the various programs. The rules governing the GATT accession of the People's Republic of China must require China to make commitments concerning domestic and export subsidies, market access and market transparency similar to other signatory nations. We also point out that commodity program spending has been reduced by two-thirds since 1986. Despite this and despite an improving federal deficit situation, we have no doubt there will be renewed calls for additional, disproportionate cuts in agricultural spending. We are reminded of this fact during consideration of every budget reconciliation act, appropriations bill or budget proposal. We desperately need a continuation of strong, market-oriented farm programs, not supply management. One of our top priorities is opposition to any further limits on benefits which might be imposed by means-testing or any other measures to restrict benefits based on size, management organization or income. We believe further restrictions on program eligibility is, by far, the most counter productive way of controlling costs. One of the most significant decisions that needs to be made is the future status of the CRP. We support an extension that allows the largest possible number of contracts to be extended at the producer's option. We also need to make every effort to extend the budget baseline to preserve our options. I observe that an effective farm policy is critical to productive cotton industry. Such a farm policy is now serving agriculture and our industry. We will lose our trade surplus if budget myopia is allowed to dismantle US agriculture's only hope for evenhanded competition in the international area.

Mark McLaughlin, Producer and Past President of the Mohair Council of America, San Angelo, TX

We had an excellent program in the National Wool Act of 1954. It is futile to talk about reviving this program, sacrificed in Congress in a highly publicized demonstration of its desire to reduce federal spending and thus the federal deficit. However, the savings from this were minuscule compared to the magnitude of the federal deficit. The United States produces approximately 44 percent of the world supply of mohair. South Africa produces slightly more than we do, with Turkey, Argentina, Australia and New Zealand accounting for most of the rest. None of the competitors has a direct government subsidy, but producers do receive assistance from their governments in creating central marketing system designed to support prices. Under the Wool Incentive Program, we received assistance ONLY when the market price was lower than a target price; and, the program rewarded superior quality production, because it was calculated as a percent of dollar sales, not on volume. Because of the incentive program. US mohair now enjoys a worldwide reputation for high quality. USDA states that one of the prime objectives of any Farm Program is to promote and encourage rural development. In much of the United States and particularly West Texas, a semi-arid region, the most efficient use of the land is grazing sheep and goats. Both of the industries is in serious need of assistance. With a reduction in property values, the tax base for rural counties erodes and this will adversely affect schools, hospitals and other public spending. The sheep and goat ranches, and their suppliers are the chief employers in many western counties. Serious deficiencies in these areas would require government subsidies from another source. How much better it would be to support and encourage agricultural production (which would of itself provide these needed tax revenues at the local level) and provide increased employment. The lack of a governmental farm program encouraging and supporting production of mohair is a real problem. Taking private property, without compensation and in the name of environmental production, preservation of endangered species, and regulation of privately owned ground water are even greater and more immediate threats to mohair producers. We need a National Farm Program which will support and encourage more efficient private production of agricultural commodities, which will bring the greatest price in the world market. We also need assistance in developing and expanding foreign markets for our American products. The most efficient assistance would be grants to producer organizations to attend foreign trade shows and other wise contact potential purchasers.

T.J. Jarrett, First Vice President, Texas Sheep & Goat Raisers Association, San Angelo, TX

The sheep industry depended heavily on the Wool Act, and now we come to USDA to request your support to help us mold a program which will be the same both in structure and fairness as other current commodity programs. The National Wool Act incentive payments have provided as much as 30 percent of total income for sheep producers, particularly in the last four years of record low world wool prices. The state of Texas took the BIG hit in elimination of this program. Incentive payments have been essential to domestic producers in providing the additional income to stay in business during these times. Texas A&M has researched our problem and suggests a non-recourse or marketing loan program combined with the target price program, to compensate against foreign imports and international industries which dominate the world wool market. A national program which stabilizes the domestic industry would greatly benefit producers in securing agriculture credit. Time is of the essence, as the current program will be eliminated on December 31, 1995, and the wool growers will be left without any measure of price stabilization. It isn't just the producers who will suffer. Banks, packing plants, feed lots, wool warehouses and buyers, feed companies, and many other businesses will be greatly impacted—if not economically destroyed, without a viable sheep industry. The life blood of many rural economies depends on the structure of our industry. We provide a proposed target price income support program for wool, developed at Texas A&M, as a model for your use.

Haskell Simon, Chairman, Gulf Coast Division Advisory Committee, Lower Colorado River Authority, Bay City, TX

There are currently more than ample regulatory constraints on agriculture. Legislation and regulations may have resulted in an environmentally sensitive agriculture, but most available information does not reflect the results of extensive use of the BEST Management practices. Information provided to the regulators is often "behind the curve" which may be encouraging development and imposition of unneeded policies. Price protection is essential to the economies of most rice growing counties. The effect of its loss on coastal ecology would be damaging. Rice is a big, environmentally friendly crop; at any time two-thirds of our rice croplands are in their natural state with no fertilizers, chemicals, or erosion. They have reverted to vegetation, and while it supports some cattle raising, it also supports wildlife and waterfowl. If just Texas ceased rice production, something like one million acres of probably rain forest land would have to be developed to produce an equal amount of rice. Production of rice in the Texas Gulf Coast is

absolutely essential to the economy of the area, and its reduction or loss could be devastating to the coastal ecology and especially to migratory waterfowl. Current practices by Rice Producers are resulting in greatly reduced applications of crop inputs and a minimum effect on the environment. Additional regulations will not result in appreciable effect.

Panel 11 — General Farm Programs

Mary Emma Matthews, State President, Women Involved in Farm Economics (WIFE)

Farming is not only a way of life, it is also a business. No business can survive when expenses are larger than income. Costs are continuing to rise while prices for commodities continue to fall. Since about 1976, it has been a down hill slide. Producers must deal with farm programs, labor laws, more taxes, E.P.A. and environmental regulations, chemicals, water, weather, weeds, production costs which continually rise, and the list goes on and on and on. Farmers are so squeezed economically by low crop prices that the average age of tractors and combines are more than 15 years old. Expertise required to grow commodities at a reasonable cost is knowledge accumulated through years of experience. The average age of farmers today is in the late 50's. We suggest raising loan rates. According to a study by the General Accounting Office, raising government price supports would increase earnings 21 percent. A fair market price to cover costs of production plus a reasonable profit would eliminate subsidy payments. The National Grain and Feed Association, who are processors and exporters of grain, are pushing to restore CRP land back into production. However, there is no shortage of grain. This is another effort for full production, lower prices, and huge profits for traders. The CRP program to control highly erodible land or environmentally sensitive land has improved our environment and improved the erosion of land all across the nation. If the government wants a cheap food policy, fine. But do not make the farmers carry the burden of it alone. Do not sacrifice production agriculture for big business. Our lives depend on the 1995 Farm Bill. History has proven that when production agriculture does well, the whole economy of the nation does well.

Marinell Strain, Producer and Member, National Contract Poultry Growers Association

By and large, the market for farm production is not John Q. Public, but the Tysons, Hormels, ConAgras, IBPs, RJR Nabiscos, Continental Grains, or similar type processors. Corporate concentration and vertical integration are resulting in fewer and fewer buyers for our farm products and less and less control for farmers over our farm operations. The economic might of these processors is used in a manner that continually oppresses the farmer both economically and socially as evidenced historically by the reductions in farmers income as well as the reduction in numbers of farmers. The bottom line is that individual farmers have no ability to deal with the multinational giants. This problem can be addressed by giving farmers a voice in dealings with handlers and processors. A structure exists today through the Capper-Volstead Act and the Agricultural Fair Practices Act of 1976 through which agricultural producers can join together and speak with a united voice. The shortcoming of this system is that no obligation exists for the bargaining process. Establishing a mutual obligation for good faith bargaining between producers and handlers of agricultural products can be accomplished by enacting legislation such as that introduced by Congressman Leon Panetta in the 96th Congress as H.R. 3535, "National Agricultural Bargaining Act of 1979." Enactment of this legislation will have many positive economic effects, such as: increased net farm income for many different farmers; reduced federal outlays for agricultural price supports; reduced federal overhead costs to administer programs; reduced federal costs on conservation/environmental programs on farms; reduced federal costs on preventing unfair trade practices; increased tax revenue from higher farm income; increased tax revenue from farm supported communities; and substantial deficit reduction from combinations of the above. Social benefits include: create stability in family farming; maintain rural community viability; and produce national moral fiber through values instilled by rural Americans. Based on the concept of empowering farmers, it is suggested that many of the ills agriculture suffers can be cured and the nation strengthened in the process.

O.C. Elliot, Producer, Seminole, TX

The U.S. Department of Agriculture is in large part responsible for Gaines County, Texas, being a powerhouse in the cotton and peanut farming industry. Many USDA programs provided the necessary needed funds. We are very fortunate in that the Ogallala Aquifer is some 50-70 feet below much of our area, and sufficient irrigation water is available for agriculture. Today, more than 90 percent of our irrigation water is distributed by center-pivot systems. Many of these systems are supplied by pipe furnished by the USDA. FmHA has furnished operating and land acquisition funds for hundreds of farmers in our county. The Conservation Reserve Program has been one of the most beneficial programs to our county. USDA presented a program to producers whereby highly erodible land could be removed from production, sown in grass and maintained in a farm like manner with an annual payment from USDA. Erodible land should remain in a program wherein our topsoil is protected from erosion. This additional crop acreage will dampen our crop values and weaken land values. USDA has provided this nation with a plentiful supply of affordable food and fiber. Their control of production, price supports, and subsidies has made this possible.

Paul Wohlgemuth, Producer, Associated Milk Producers, Inc. (AMPI)

The pace of change in American Agriculture continues to grow. Nowhere is this more visible than in the dairy industry. Over the past few years we have seen a major change in where milk is being produced as production has shifted significantly towards the Southwest and West. We have seen major changes in marketing relationships and patterns. To an increasing degree marketers are consolidating into regional and national entities. The government programs which have been used to stabilize the dairy industry have come under increased scrutiny and the industry is being told to redirect its energies in looking toward the international market. Several things seem apparent when looking toward the 1995 Farm Bill. First, the need to control budget outlays will continue to be paramount. Second, the impact of GATT will be felt. Third, environmental concerns will play a larger role in shaping agricultural policy than in past farm bills. Finally, continuing an effective means of improving and stabilizing farm income must not be overlooked. Looking at the budget issue, Federal dairy program outlays have declined from $2.3 billion in Fiscal Year 1986, to $227 million in FY 1995. Since FY 1983, dairy farmers have been assessed almost $2.9 billion to reduce the cost of Federal dairy programs. I am concerned that many in USDA and in the Congress are unaware of or ignore the effects these changes have had. The options in developing the 1995 Farm Bill will be limited by the GATT agreement. GATT will allow increased dairy product imports, require reductions in the Dairy Export Incentive Program, and provide for very limited increased access to world markets for our production. The initial promise of the GATT negotiations to "level the playing field" has not been realized for dairy producers. World prices for dairy products will continue to be dictated by the export subsidy actions of major exporters. The GATT agreement will allow the European Union to continue to spend $2.5 billion per year to subsidize exports of an estimated 30 billion pounds milk equivalent in dairy products. The United States will be limited to spending $117 million to assist the export of 1.5 billion pounds milk equivalent. The optimistic assessment that the future of the U.S. dairy industry is to be found in the world market totally ignores the fact that the American dairy farmer continues to be placed in a position of competing with the treasuries of foreign nations. On the environmental front, there have been calls for more stringent conservation program requirements, new limitations on resource use and a shifting of program priorities from price and income stabilization to achievement of what are loosely perceived as environmental objectives. As we look at specific program or policy recommendations that will fit within these limits or realities, AMPI has worked with the National Milk Producers Federation and other groups in the development of a Dairy Self-Help Program which we feel responds to the budget reality, is GATT-legal, and can help to address the needs of dairy farmers. This combination of government/industry action can serve to stabilize prices and prevent small periodic surpluses from depressing prices. As a final safeguard, there needs to be a standby production adjustment mechanism that would place the burden of excess production on those continuing to expand at a pace not needed by the market. The Dairy Export Incentive Program (DEIP) was designed to assist the U.S. dairy industry to meet competition from subsidized exports and other forms of government sanctioned competition in the world market. It been an essential market development tool and a major factor in bolstering farm income and controlling government costs. DEIP is needed as part of the continuing need to maintain farm income, as an integral part of a government-industry effort to address the world market for dairy products on an even footing with other dairy producing nations, and as part of the overall effort to control government costs. Finally, in the process of developing environmental programs, we earnestly request that a rule of reason and equity be applied. The ability to reasonably achieve the stated goals must be present and must be possible within the framework of reasonable cost. Programs must be consistent and should not be subject to frequent changes and adjustments.

Panel 12 — Conservation and Risk Management

Jim Esbenshade, Concerned Bryan County (OK) Farmers and Ranchers

It is so sad that in the late 1940s my father got more for a bushel of wheat than I do today. I wonder if every American working person would like to receive wages of the 1940s and still pay today's expenses? How many farmers and ranchers have to be pushed off their land and see their life time savings used up before you realize we are in trouble? Our national preoccupation with a cheap food policy is using up our farmers' and ranchers' incentive to maintain the land and natural resources they have taken pride to preserve in the past. Instead, we are forced to become "super farmers," covering more acres just to survive financially, with little hope of seeing our children able to follow in our footsteps if they choose to. Oklahoma Ag-Link estimates that 1,500 to 2,000 farmers in our state are faced with losing their farms and ranches this year. You just can't keep taking and cutting and pushing us farmers and ranchers into a corner and expect cheaper food. Peanuts are the major crop in our county and the surrounding area. If we lose our price supports and export protection, you are going to see the economy of a lot of small towns across the southern part of our country go down the tubes. Farmers and ranchers are not looking for handouts or subsidies if they can get a fair price. Can we afford to go to a world market price for our agricultural commodities and expect our natural resources to be preserved and have a strong, sustainable agriculture industry? Do we expect our farm families to have the same standard of living as those in China or India or Brazil? I don't think so. Our peacetime national defense budget is over $240 billion annually. Shouldn't the national defense of our food and fiber industry, which is basic to our existence, deserve a higher priority? Our country must invest in maintaining the strength of the family farm system. Corporate farming is not the answer. We are tired of being use to buy votes with our cheap food. We need leaders who know what agriculture is and stands for, have been there, know the problems and what we fight and put up with out here, not ones who think food comes from a box or a can.

Don Tardy, Real Estate & Insurance, Hereford, TX

I commend the U.S. Congress and the President for signing into law the USDA Reorganization and Crop Insurance Reform Acts. I believe the farmers will understand and appreciate knowing what they can expect with crop insurance, rather than hoping that a disaster bill might be passed after a disaster occurs. I do have some concerns regarding what I understand about the new CAT policy. I think the sales closing date for all levels of Multi-Peril Crop Insurance (MPCI) should be extended to March 15, 1995 (the sales closing date for '95 fall crops). Using the October 31, 1994, sales closing date as the deadline for any buy-ups is not giving the producer an opportunity to learn what the total program is. Unit designations should not be allowed in the CAT policy. If unit division is allowed, it will undermine the viability of the regular MPCI program. I feel like the existing Transitional Yield Factors should be used for producers that participate in the CAT program as well as the regular MPCI program. The spring sales closing date should not be changed for April 15, 1995.

Will Paul Wright, III, Dairy Producer and Member of the Brooks County (TX) ASC Committee

The dairy farmer used to be able to make a fair living. Today I receive $13.62 per hundred pounds of milk. We need a price of $17.25 per hundred pounds to have the same buying power today as we did 10 years ago. There must be a way to make a living from the dairy, but I don't see it in the future. With a lot of industries and people getting a cost-of-living increase, the dairyman ought to be able to get one also. All of agriculture and the communities they do business with are slowly going broke, while you are implementing a cheap food policy. Regarding the county offices, while you are cutting the counties' budgets, you are also increasing the work load.

George Nelson, Cherokee County (TX) Vegetable Growers Association

Small farmers and no-program crop producers (especially vegetables) do not like past crop insurance and neither do they like what they have heard about new proposals. I would recommend a disaster program administered through the elected County Committee system. Let producers prove yields up to 125 percent of state yield. Only the first 25 percent of normal production should be covered under the program. Average market prices need to be set on a more local basis, such as by county, with adjoining counties within 120 percent of each other and none to exceed 150 percent of the state average price. The programs should be operated to reimburse farmers for losses occurred and not a profit. Farmers who attempt to farm programs should have their yields reduced by local Committees to correspond to their farming methods. The Agricultural Conservation Program (ACP) should be kept and expanded. This program has never been funded to the maximum permitted by law ($500 million). For 1995, the amount allocated ($100 million) is dras-

tically reduced from $190 million last year. This is a program which solves many different conservation problems. It provides wildlife and general public benefits at very little if any cost if you would consider the boost in local economies. Sodbuster laws need to give some relief to small acreages where little or no erosion is taking place. Many small vegetable producers in the Deep East Texas area have been farming fields for years with little or no erosion taking place. These small farmers have problems in getting a Conservation Plan written by SCS. We would recommend that producers farming under 10 acres not need a conservation plan unless it is proven they are causing an erosion problem.

Maximo Vera, Producer, Duval County, TX

The Johnson grass under the CRP adjoining my land is literally destroying my cropland. USDA needs to abolish Johnson grass from the CRP. Johnson grass: detroys clean productive cropland; spreads like wild fire through roots and seeds; and is very hard and expensive to control. Eliminating Johnson grass from the CRP will: preserve cropland from further infestation; prevent enormous use of herbicides; prevent USDA from being sued for infestation; and save farmers thousands of dollars. I request: abolish Johnson grass from CRP; clarify who has the ultimate decision in the approval of CRP at the state and county level, SCS or ASCS; assure that the field Technical guide be approved by the county ASC Committee; and either replant or cancel the CRP contract adjoining my land because it will eventually destroy my land. I have presented my case to the proper local offices and Committees. They sympathize, but say that Johnson grass is legal on CRP because it is in the Technical guide. This issue needs to be addressed quickly before it destroys my land.

Panel 13 — Commodity Programs

John Stencel, Executive Director, Colorado State ASCS Office, Lakewood, CO

Agriculture always seems to get the short end of the stick when it comes to Federal outlays. Between 1991 and 1997, it is estimated that agriculture price supports will decrease by 1.4 percent while all the rest of the top entitlement programs will increase by as much as 15.8 percent. As we write the 1995 Farm Bill, we need to make farm income our number one priority. Net farm income must increase. Farmers need to be getting their share of the food dollar. When the processor is realizing 20 percent return on the food dollar and producers only 2-3 percent, the system is askew and awry. A farm program should provide assurances of adequate income to family farmers to allow them to pay their bills and provide for a reasonable profit. We must target farm program benefits to family farmers. A safety net must be provided that assures new and beginning farmers the ability to survive in the leanest of times. Low cost credit is needed through an expanded FmHA New and Beginning Farmer Program. We need to provide for more programs that will allow value-added dollars to producer products. Agriculture entitlement programs need to be funded at higher levels, with percentage increases similar to Social Security and Medicaid. Mandated cuts in farm program spending because of GATT is completely contrary to the Administration's repeated assurances to agriculture throughout the negotiations that this would not happen. A study done by Texas A&M University projected negative changes in the baseline for farm prices, net cash farm income, and ending net worth if GATT was ratified. If GATT is ratified, programs need to be in place to remedy farm income. Targeting farm program benefits to the production levels of family farm operators would reduce Government costs while furthering the sustainability of our family farms, our rural communities and our natural resources. Provisions in a new farm bill need to include: (1) Limits on the volume of production for which any one person can receive deficiency payments and/or commodity loans and prohibitions on the artificial subdivision of farms to avoid such limits. (2) Protection of the initial units of family farm production from budget cuts under the terms of any farm or budget bill. (3) Implementation of a paid diversion to offset any loss of large farm participation in the set-aside program. Farm policy must establish goals on a basis that provides cost of production returns and a reasonable livelihood from the basic output of a family farm.

Terry Peach, Executive Director, Oklahoma State ASCS Office, Stillwater, OK

We have seen the percent of disposable income consumers spend on food decrease each year since 1975, to 11.2 percent in 1993. Consumers nationwide often take for granted the safe and reliable supply of food provided by our farmers. Programs administered by ASCS provide the necessary measures aimed at assuring an adequate supply of food and fiber at reasonable prices. The Agriculture Conservation Program (ACP) has been and must continue to be the most powerful conservation program every developed. Many unknowing people believe that once conservation compliance plans are in place that no additional conservation would be required. This could not be further from the truth, since they only address highly erodible soils. In Oklahoma, up to 30 percent of the

land still needs conservation treatment. Little attention has been placed on land not meeting highly erodible criteria. We must continue to fund the ACP at the $190 million figure. The Conservation Reserve Program (CRP) has been referred to as the Nation's environmental base. It has been documented that the CRP has provided a stable income base for many program participants, reduced federal outlays for deficiency payments, and stabilized levels of production. If we could put a financial value on the soil that stays on the land instead of becoming airborne or sediment in our lakes and streams, the improvements seen in water quality in lakes, streams and aquifers, or the tons of carbon cleaned from the air and sequestered in the soil and the tons of oxygen produced by 36.4 million acres of green grass and trees, the value would likely be in the billions of dollars. The potential for biomass production which can be developed from these acres would possibly be worth billions of dollars within a few years. Let us not relive the history of the "Soil Bank" of the 1950s and allow this vast environmental resource to escape and once again disappear. With regard to crop insurance, we recommend that the producer be able to buy-up to 100 percent coverage with 100 percent price coverage. We need continued support of programs promoting democracy, such as Food for Peace and the Export Enhancement Program (EEP). A broader variety of market development programs may be needed as U.S. farmers and food companies try to export more consumer food products. NAFTA and GATT have chartered a generally positive course for U.S. agriculture into the world marketplace. However, while these systems are in the developing stages, we must maintain the stability in the farm economy. The Farm Bill 2000 may be ready for price support programs to be dropped, but that must not be allowed to happen at this critical point in American Agriculture. I would like to stress the importance of farm programs and policies implemented and their affect on all Americans. Farm programs are essential for maintaining the vitality of our rural communities. As Americans, we all benefit through policies that maintain standards for our future in environmental protection, improved air and water quality, and providing the most abundant and safest food supply in the world.

Larry Burnett, State Executive Director, New Mexico ASCS Office, Alburquerque, NM

Every effort is being made to give producers as much flexibility in farming as possible. In the past few years there appears to be a steady decline in ARP participation. Producers, state and county committees, and ASCS employees feel that this result is due to limited planting flexibility. We encourage changing provisions during the development of the 1995 Farm Bill that would provide more planting flexibility to our farmers. Limiting crop acreage bases (CABs) to total cropland, but allowing producers to plant their choice of program crop or crops, up to the total of the farm's CAB allows planting flexibility. If a farmer felt that it was in his/her best interest to plant the entire farm to wheat, and participate in the program, the opportunity would be there for him/her. Now is the opportune time to address matters such as total crop acreage bases versus limited CABs tied to individual program crops.

Marion Malazzo, Vice President, National Association of Farmer Elected Committeemen

We need to enact a Farm Bill that will keep family farmers on the land. I personally believe that the average consumer in this country wants families on the land to produce their food. We need a continuation of commodity programs. The elimination of any particular commodity program would have a devastating and wide-reaching effect on agriculture. I favor continuing commodity loan programs with some increase in loan rates, Acreage Reduction Programs, Paid Diversion and Targeted Option Programs. I am also in favor of a return to a Total Acreage Base for each farm with a maximum of 50 percent flex from each commodity's original base on the farm. A program such as this would allow producer flexibility and assure an adequate supply of food and fiber for our country. I believe that conservation and commodity programs go hand in hand. Hence, I am in favor of continuing all current conservation programs including the CRP. The CRP has saved soil, expanded wildlife habitat and population, improved soil, air and water quality, enhanced wetlands and encouraged tree planting. At the same time, it has saved government money, strengthened farm income and helped balance supply and demand. The Forestry Incentive Program (FIP) should continue regardless of the agency designated to administer it. It would save soil and water and improve air quality and at the same time it would provide lumber, a much needed and a very essential commodity for our next generation.

Panel 14 — Commodity and Conservation Programs

Ollie Ridley, Chairman, Colorado State ASC Committee

We would like to address a number of issues that affect the 1995 Farm Bill. Our first concern is income for producers. We need fair commodity prices directed to family farmers and ranchers and appropriate compensation for any mandated rules

and regulations affecting farming operations. As we deal with budget constraints, we must utilize what scarce budget dollars that are available to protect the income of the family farm through directing farm program benefits. Raising loan rates is one way to do exactly that. Moving the loan rate closer to the target levels requires less outlays. Targeting farm program benefits to the production levels of family farm operations would also reduce government costs while furthering the sustainability of our family farms, our rural commodities and our natural resources. There must be a safety net that is regionalized with a directed loan program for young producers to service certain levels of debt and a safety net to assure FmHA lending programs success in helping beginning farmers. Such a loan program should be funded as a revolving account, thus eliminating the cost of farm program outlays. The wool program does not cost the American taxpayer a dime. Why not reinstate the Wool Incentive Program as a revolving account similar to that for sugar? The Clean Water Act, the Endangered Species Act, Wetlands and other programs could affect farm income more than the 1995 Farm Bill if we are not careful with the mandates of these laws. If we choose to mandate certain rules with these programs, there must be incentive payments or assurances to compensate for the potential loss in farm income. A Farm Bill must provide assurance that all commodities are protected. Can the same incentives that might be applied to crops be used for livestock when it comes to implementation of the Clean Water Act and other mandated programs? The one-year extension of the CRP is a good start. We believe the program must be continued, and new monies need to be found. As an environmental enhancement program, the funding for this popular program should be separate from other farm programs. There could be incentives for air quality, wildlife habitat and biomass production as well. My only concern is that we do not use our present farm program payments for these new incentive payments. Our strategy at the USDA has to be:

(1) Increased farm prices and farm income;
(2) Additional low-cost financing for farmers;

(3) A reduced downside price risk to farms;

(4) Encouragement of grain storage; and

(5) Higher loan rates which would reduce CCC outlays if repayment of the loans and interest paid by producers were properly credited in the budget process. We never want to forget how important it is to have incentives to keep people on the farm. If we are creative, we can direct farm program payments to family farms and save the Federal government the extremely large budget outlays. We can protect the farmers, the consumer, the environment and the taxpayers of this Nation if we all pull together.

Maurice (Freddie) Wyatt, Chairman, Oklahoma State ASC Committee

We are concerned about the budget deficits that continue to add to an ever growing national debt and believe that most farmers are willing to absorb their share of the sacrifice necessary to deal with this problem. However, farmers took a 15 percent reduction in eligible payment acres in the 1990 Farm Bill and we have yet to see that kind of reduction made in other government programs. With such a small share of the budget (less than 1 percent), total elimination of farm programs would hardly be noticeable in terms of deficit reduction; however, the effect on rural America would be devastating. We believe that every effort should be made to maintain funding for farm programs at levels approaching those of the present. Commodity programs are one of the best rural development tools in the bag. The full multiplier effect of economic activity is felt when new dollars are introduced into a rural community. We are not so naive as to believe that agriculture can totally escape the budget cutter axe, but a major gutting of commodity programs would be a mistake. Historically, Congress has avoided the radical change in farm legislation and has instead proceeded with small incremental steps. The precedent is a good one and should be followed again. When all costs are considered, both direct and indirect (such as the environment) CRP contracts could be extended at full value with no net loss to the government. We encourage the extension of all CRP contracts via the 1995 Farm Bill. Without Chairman Whitten to rescue conservation funds, as he did so many times in the past, we are fearful that ACP and related programs will not only be cut but eventually eliminated. There are those in Congress that believe that with the December 31, 1994, deadline to implement all conservation compliance plans, the job of conservation is finished. However, this could not be further from the truth. The need for continual maintenance and upgrading of conservation practices and the ever changing and expanding role of conservation in areas of air and water quality point to the importance of maintaining conservation programs. We would encourage this Administration to support inclusion of the ACP program in the 1995 Farm Bill with funding levels equivalent to those of the early 1990s. Gross abuses of power and private property rights by federal bureaucrats must be stopped and landowners fairly compensated when it is in the public interest to restrict use of their land. USDA should have input into the pesticide approval process, along with EPA and FDA. We are not opposed to a portion of government payments going to enhance the environment for we are acutely aware that the case for federal assistance to agriculture is greatly enhanced when this occurs. We support the continuation of the EEP to

the extent allowed by GATT and NAFTA, and further maintain that agriculture should not have to pick up the tab for GATT resulting from reduced tariff and import fees. With money lacking for social problems such as crime, poverty, unemployment, etc., we must do a better job of educating the American public as to why funding for agriculture is merited among these other pressing needs. Our very food supply is dependent on it—a food supply that is the most dependable, varied, lowest cost and safest on earth.

Mary Ann Arnold, Chairwoman, Arkansas State ASC Committee

Training of our county committees is important. I believe we could give these committee people better tools/skills to help them to become more knowledgeable about reviewing the forms that are filed with requests for payments. We can not afford not to train the committee people to make clear, fair and objective decisions on each case as presented. We also need more training for the county office personnel to administer the programs more wisely. The producers in our area like the idea of setting appointments when times are very busy, so that not as much time is lost waiting in line. There needs to be better procedures for the verification of planted acreage and historical yields for specialty crops for purposes of participation in disaster programs. The new insurance program will certainly help us in this area. We are hopeful that we will see a reduction in paperwork.

Vic Stout, Member, New Mexico State ASC Committee

The buffer areas that are currently under the CRP help reduce erosion in the dry land areas of the Southern High Plains. If some of this highly erodible cropland was subject to the continued farming, it could substantially reduce the production capacity for future generations. Without the CRP, farmers could be compelled to farm land that is difficult to farm under the requirements of conservation compliance provisions. Cropland under CRP now enhances the habitat for wildlife, such as elk, deer, antelope, pheasant, song birds, and many other species that had never been in the area before. Wild flowers are prominent species throughout the now preserved cropland, thus providing for aesthetic sites throughout the countryside. When continuing the CRP, it would be important to have rebidding because some original bids were too low.

Ray Joe Riley, Chairman, Texas State ASC Committee

Planting flexibility is most important in Texas as well as other states with weather problems and market price fluctuations. A recent Texas Agricultural Statistics Service Survey among Texas farms and ranchers showed that more than two-thirds favored more planting flexibility. The proposed planting flexibility is in fact much superior to the more rigid, complex, and farmer-frustrating provisions of the 1985 and 1990 Farm Bills. Planting flexibility, as proposed, will allow more individual producer latitude and freedom. It will encourage more crop rotations and other soil and water conservation benefits. In addition, weed, insect, and disease controls can be accomplished through better crop rotations allowing pesticide usage to be further reduced. The Total Acreage Base (TAB) is more environmentally friendly, reducing chemical usage. It will simplify, streamline, and make the programs more farmer-friendly. The proposed cutbacks in USDA personnel and reduced operating budgets call for a simpler farm program. The TAB concept should produce fewer administrative problems and appeals. These provisions should encourage greater producer participation thus making the programs more effective. The success of planting flexibility in the 1977 Act testifies to the benefits to all concerned. The corn/sorghum interchange presently allowed shows how well flexibility can work. Producers will have the opportunity to plant for the market and not for the program. Drastic shifts in crop plantings will be limited for various reasons such as climatic restrictions, and machinery and equipment necessary for crop production. Area processing, warehousing and marketing facilities availability will further limit the planting options. If this new concept is made available to producers, it will result in making the programs more farmer friendly and encourage program participation.

Submitted Papers Not Presented at the Forum

Joe Grotegut, Producer, Hereford, TX

As a farmer, I would like to suggest that ASCS change its policy to use the following formula: "For each 1 cent below the target price for any crop, there would be a mandatory 1 percent set-aside. No exceptions." There would be no other government price controls, no subsidies, etc. I think this will solve the commodity pricing problems that farmers now face. I also believe that this formula would keep price control away from the government and the commodity traders.

John Riukup, Producer, Premont, TX

A few suggestions to improve farm programs:
(1) Unfreeze yields. Allow producers to prove up their yields. We now have better farming methods and CRP has taken out the less productive lands;

(2) Reduce redundant paperwork at the ASCS offices, such as the person determination forms required for program payments;

(3) Raise the $50,000 payment limit since there are fewer farmers year after year farming the same number of acres;

(4) Announce the upcoming farm program earlier in the year, such as by October 1 of the previous year;

(5) Build more flexibility into the farm programs, such as trading crops on crop bases, enabling farmers to better use the markets and comply with conservation compliance plans;

(6) Tie CCC loan rates more closely to market prices;

(7) Offer more crops under the Federal Crop Insurance programs, such as cowpeas and sunflowers; and (8) Continue the CRP signups for those people that have land that would be eligible to stop erosion. Also, allow permanent CRP strips to count as setaside acres.

Wayne Mixon, Producer, Gaines County, TX, and Mayor, Seminole, TX

The people of Gaines County and Seminole depend on agriculture and cotton producers depend on the farm programs to keep their income at a level where they can stay in business. The deficiency payment on cotton helps to smooth out the highs and the lows of the cotton market. The producer option payments (POP) and the marketing loan deficiency payments help make our cotton more competitive in world markets. Federal Crop Insurance helps to protect against weather losses which could put a producer out of business in one year. Based on my experience, 80 percent of our farm loans would not be made without the security that the current farm bill provides. In reviewing a producer's loan application, I give more weight to the USDA deficiency payment and the Federal Crop Insurance guarantee than to crop production or assets, knowing in December those two payment sources might be all the bank gets. Farm programs are a real bargain which assures our country of a steady source of food and fiber, and contributes to the overall wealth of our nation.

Jack Nelson, President, Rio Grande Valley Sugar Growers, Inc., and Bill Cleavinger, President, Texas Sugarbeet Growers Association

Texas is the only area in the world that produces, processes, and refines sugarbeets, sugarcane, and corn sweeteners. Nationwide, when you add it all up, the sweetener industry generates $26.2 billion in economic activity and provides 426,000 jobs. Consumer, workers, small towns, taxpayers and corn farmers are all winners as a result of the U.S. sugar program. There are some general concerns about the operation of the current program which we would like to share with you today. First, we absolutely need a sugar program because the world dump market will continue to be unreliable and highly volatile for the foreseeable future. The GATT agreement will have little impact on the reduction of subsidized European exports, which amount to well over 4 million tons of surplus sugar being dumped on the world market each year. Second, the loan rate of 18 cents per pound for raw sugar has been in place now for 10 years, and must continue at least at that level in the 1995 Farm Bill. Third, refined sugar prices have been severely depressed ever since 1990. To resolve this problem, the Administration should keep imports to a minimum, reduce the circumvention of the tariff rate quota by reducing imports of sugar-containing products, and when conditions warrant, impose marketing allotments in an effective and timely manner. We believe the Administration should be very conservative in setting the import quota, because it is always easier to add sugar to the market when prices strengthen than it is to remove sugar from the market when prices are low. Putting marketing allotments on at the beginning of the fiscal year will give both sellers and buyers comfort that sales and deliveries later in the year will not be disrupted, as is the case when allotments are imposed later in the year. Low prices have been devastating because it causes beet processors to:
(1) avoid participation in the program to compete in the depressed marketplace and avoid paying the growers the minimum payment required under the program;

(2) participate in the program but receive inadequate returns in the marketplace to pay the growers the minimum payment; and

(3) participate in the program, withhold sugar from the market, and threaten or actually forfeit sugar to the government. USDA should also note that sugarbeet growers rely heavily on the minimum payment provisions the program provides as the basis by which they and their bankers arrange operating loans or the financing of capital purchases to produce a crop. All of the grower's costs will have been incurred in the production, harvest and delivery to the processor before his/her processor determines whether to participate in the program.

Barton P. Easter, Contract Poultry Farmer

We have considerable evidence that the vertical integrator type of farming is causing much hardship on the small family farmer and to the communities in which they operate. When integrators like Tyson closes their grow out houses because they are not profitable, you can imagine how a small farmer feels when (s)he's in debt several hundred thousand dollars and can't see any hope of ever paying his way out of debt. Adding to that the loss of support businesses such as farm implement dealers, supply houses, etc., and the loss of a labor force because of low wages paid to those contract growers and we can see why our farmers are disappearing and our children are moving to the city. We can't continue to subsidize food and fiber with the policy of working a farmer until (s)he's broke, then someone else buying that farm and operating it until (s)he's broke, and so on. I support the suggestions made by the National Contract Poultry Growers Association:
(1) Amendments to the Packers and Stockyards Act of 1921;

(2) The enactment of the National Agricultural Bargaining Act; and

(3) Corrections to the FmHA policy of loaning money to put farmers into contract livestock farming business only to sell them out a few year down the road. This could be stopped by requiring integrators to give contracts which would cover the term of the loan and require that contract to have a minimum payment which would be set at a level that the farmer could support his/her farm and family without having to work two other jobs to make ends meet.

Archie D. Knight, Master, Texas State Grange

Family farmers and ranchers are much concerned about being able to meet their operational expenses, not to mention the responsibility to provide for the needs of their families. They are expected to pay American prices for input items such as seed, fertilizer, equipment, insecticides, lease payments, and other land use expenses; then, at harvest time, to market their commodities at world market prices. Bankers are not willing to finance an agricultural operation due to the very minimal or nonexistent margin of profit. Another area of concern relates to EPA advocating farmers reduce their dependence on chemicals and to become more active in supporting a sustainable agriculture by participating in the rotation of crops, thus promoting an effective integrated pest management program. Our farmers have concluded that this philosophy should be supported; however, farmers who participate in a crop rotation practice as advocated by EPA are penalized by loss of crop base. We urge that this policy be revised to eliminate such a loss. Changes made to the present farm bill should provide our career family farmers and ranchers with an opportunity to receive an equitable return on their investment and a just compensation for their labor whereby they can provide for their families on the same basis as others in our society who have an equal investment.

Kay Bailey Hutchison, United States Senator, Texas

There will be many issues, other than production and marketing matters, addressed by the farm bill. They include environmental and land use policies, research and education, world trade, consumer demands and concerns such as food quality and food safety, and rural development. But topping the list of these is maintaining profitability in agricultural production, because without profitability, there will be no farmers and none of the above issues will matter.

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